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ANDREW YOUNG SCHOOL OF POLICY STUDIES

Georgia's Aging Population: What to Expect and How to Cope

CONFERENCE PROCEEDINGS AND RELATED RESEARCH



Conference held September 26, 2007



ANDREW YOUNG SCHOOL
OF POLICY STUDIES

Andrew Young School of Policy Studies Conference

Georgia's Aging Population: What to Expect and How to Cope

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Section 1

Introduction

Opening Remarks

Introduction

The purpose and origins of the conference on aging

Welcome to the proceedings of “Georgia’s Aging Population” conference. In the following sections, you will find the presentations, data and white papers reproduced for your reference. We would like to take a moment to explain how we came to the decision to host this conference to meet the needs of Georgia’s officials.

Last fall, those of us in the Andrew Young School of Policy Studies’ Public Performance and Management Group (PPM) held a number of meetings with various local and state officials as well as representatives of city and county associations. These discussions were wide ranging, beginning with an overview of what PPM does and often leading into talk about current and future issues public sector workers face. Out of these conversations a theme began to evolve. Practitioners said they would expect a policy studies institution to be able to prepare them on emerging issues, advise them on trends and train them how to make forecasts. The main question boiled down to “What can we expect to see in the next five, ten and twenty years?”

PPM took this feedback to the Andrew Young School and began a series of internal discussions that included faculty and staff from the School’s two departments, Public Administration & Urban Studies and Economics; two of the research centers, Fiscal Research Center and Georgia Health Policy Center; and Associate Dean Robert Moore and Dean James Alm. We knew we were exploring an area going through transition. Moreover, it was important for us to shape the issue in a way that would facilitate a discussion with public sector practitioners, yet maintain an academic perspective. We agreed that the changing demographics in Georgia, specifically the aging of the population, would be the keystone to all our discussions on Georgia’s future.

Because such a large portion of our population is composed of baby boomers, Georgia will—over the next 25 years—have an older population than all but seven states. A discussion on the aging population must consider that fact and its resulting policy options. A school-wide steering committee was formed to give the effort direction. We decided to hold a one-day conference inviting the local and state policymakers, advocates and service providers who can make the greatest impact and change in their communities. The goals of the conference were to show the complexity of the aging issue; develop a better understanding of the implications for setting policy; and generate options for addressing those implications. The final goal was to publish this report of the proceedings.

The aging of our state’s population is a multifaceted issue that touches everyone in so many ways. Our next task was to determine which policy areas to focus on. Just as we got the idea for holding a conference from practitioners, we knew we had to ask them for advice on specific topics. We solicited input from an outside advisory committee, who helped us plan three broad topics for the conference. The first topic, livable communities, reviews the issues that localities will face in becoming “boomer ready.” Housing demand will change as the population gets older and strives to age in place. Transportation concerns and services, especially health care, need to be addressed. Consequently, decisions around planning, zoning, taxing and service delivery will need to be made.

The second area is long-term care needs. The elderly needing assistance should be cared for, consistent with law and personal desire, in the least restrictive setting to meet their needs. What is the appropriate mix of home and community based services versus institutionalized care? To what extent is the public sector obligated to pay for or provide care? Furthermore, as the proportion of the older population grows, the workforce to care for them, as measured in number of workers per senior citizen, will shrink.

In the third area we grouped economic and fiscal issues. Policymakers are already starting to see the workforce effects of growing numbers of retirees, whose years of experience and skills are increasingly difficult to replace. Additionally, demands for services such as health care will further strain public sector budgets. Revenue sources will be affected by the increase in senior citizens; their different buying patterns will affect sales tax revenue just as income and property taxes collected will shrink.

The proceedings that follow provide a summary of conference presentations and small group discussions of the participants. The appendices contain the complete white papers, a set of data tables on Georgia’s elderly, and biographical sketches of the speakers, panelists and white paper authors. A number of people worked diligently to plan and organize this conference. Special thanks goes to the members of two groups mentioned above, the steering committee and the conference advisory committee, who are also listed in the appendices.

—Tom Wade, Director of Program Development,
Public Performance and Management Group at the
Andrew Young School of Policy Studies

Opening Remarks – Dean James Alm

“Georgia’s Aging Population”

I am Jim Alm, Dean of the Andrew Young School of Policy Studies here at Georgia State University. I want to welcome everyone to what promises to be a very thought provoking day for all of us. The Andrew Young School is pleased to gather leaders from across the state to start a day-long discussion on an issue that has been heading our way for more than 60 years.

Following World War II, our nation experienced an enormous population boom. Now, this baby boom generation (of which some of us here are proud – or not so proud, I suppose – members) is beginning to enter the “elderly” population age category. It is the aging of this baby boom generation that is the motivating force for this conference, “Georgia’s Aging Population: What to Expect and How to Cope.” I want to thank my Andrew Young School colleagues, especially Tom Wade, for all their hard work in putting this conference together.

We all know that the “golden years” for the boomers will be very different from what previous generations experienced. The elderly today are living longer, healthier, and more active lives than ever before. And we also all know that our nation has in the past been changed in some fundamental ways in order to accommodate the sheer number of baby boomers: the construction of many new schools, the development and introduction of new products to meet the demands (or the whims?) of the boomers, the social protests of the 1960s, the changing views toward sexuality and gender, the transformation of the labor force, the change in the “traditional” family, to mention only a few such changes. So I think it is clear that major changes in our country continue to lie ahead as this boomer generation moves into the next stage of life.

As for Georgia, the impacts of this aging will also be significant in many ways. Today’s Georgia elderly as a whole are not moving to exotic destinations to spend their retirement years. Instead, they often stay in the communities where they have lived, raised families, made friends and worked. Georgia is also a recipient of many retirees who leave, say, Florida but want to continue to enjoy a warm climate – in Georgia.

There are huge challenges created by this aging that state and local governments across Georgia are facing – but there are also opportunities. While we may struggle to pay for long-term care options and to find workers to care for the elderly, there may be an opportunity to establish new career paths and programs in our workforce. While we face challenges with retrofitting homes for aging and the onset of disability, there may arise new, more livable communities that will benefit all generations. The overarching challenge is funding the needs of this population in housing, long-term care, and other areas.

Today we will look into our collective crystal ball and start a conversation that will help us devise policies that will, hopefully, meet the challenges and take advantage of the opportunities.

Our first speaker, and our keynote speaker, is Glen Hiemstra. Glen is the Founder of Futurist.com, a company that focuses on the dissemination – and the creation – of information about the future. He is the author of *Turning the Future Into Revenue: What Businesses and Individuals Need to Know to Shape Their Futures*, and the co-author of a leaders’ handbook, *Strategic Leadership: Achieving Your Preferred Future*.

Glen has advised professional, business, and governmental organizations for two decades. Clients have included Adobe Systems, Boeing, Regence Health Care, Microsoft, Tulsa 2025, and Atlanta Vision 2020. On Monday of this week, Glen was at Emory University leading an executive education session for Home Depot, and he is working with the Atlanta Regional Commission as they once again look to the future. He is often asked to comment on the future by publications such as *The Futurist*, *The Wall Street Journal*, *U.S. News & World Report*, *the Los Angeles Times*, *the Detroit Free Press*, and *USA Today*. Predicting the future is obviously serious business, but you should know that Glen has also worked in Hollywood as a technical advisor for programs set in the distant future.

Glen lives near Seattle, Washington, with his wife Tracie. They have three adult children.

Today Glen is going to stretch our thinking about the future, as he discusses our aging future and as he challenges all of us to create the future we prefer. Please join me in welcoming Glen Hiemstra to our program.

Section 2

**Glen Hiemstra's
Keynote Address
& Presentation Slides**

Keynote Address – Glen Hiemstra

A realistic consideration of the societal effects of our aging population

The conference's keynote speaker, futurist Glen Hiemstra, opened with a challenge and a question to the audience – to add the number 18 to their current age, which is how old they'll be in 2025. "Think of yourself at that age. What's your image of your life and yourself then? What do you want your life to be like?" Hiemstra asked, "At age 85, what do you see yourself doing; where do you see yourself living?" And, he added, are those expectations realistic and reasonable given the direction society is headed in now?

We are embarking on a "grand experiment," Hiemstra said, and the question is: How should we organize a society in which so many people are over the age of 65 and 75? The answer is: We don't know because it's never happened before. And, he reminded the audience, "You are not only the experimenter; you are the experimental subject."

To give the conference audience a perspective, Hiemstra pointed out that today in Georgia, 10 percent of the population is over 65; in Florida, that number is 17 percent. That means that today, one out of every ten people you meet on the street is a senior; in 2025, that figure will be close to one in five. How will the world look and work with such a great proportion of the population in the senior bracket? What happens to transportation, housing, political issues? For an idea of what it might feel like, just go to Florida and look around – in a state where senior residents already number about 1 in 5.

Other aging statistics are just as striking: the US population pyramid used to be just that – a pyramid, getting narrower towards the top, reflecting smaller numbers of elderly. In 2050, it will be almost a rectangle. "As of today, we are 1,190 days until the first baby boomer turns 65, on January 1, 2011. After that, each year that goes by will see the day approaching when there as many people who are older as there are younger." The large numbers of baby boomers will make the top end heavier, but also, older people are just simply living longer at an exponential rate. In 1750, the average life expectancy was a mere 35 years; in 1900, the average life expectancy was 47 years, an increase of 12 life years after a century and a half. While a few 65 year olds were running around at the turn of the previous century, not many comparatively – only 10 million of them. Today, however, the average life expectancy is over 80 years for women, nearly 80 for men. In one century, life expectancy has nearly doubled.

This is far beyond what was ever imagined, and certainly far beyond what was imagined when the retirement age (and accompanying Social Security benefits) of 65 was established mid-century – when policymakers expected lifespans to last only five to seven more years beyond that age. A combination of better health care, better knowledge of exercise and nutrition, and an apparent "something else" (that we don't know what it is) are contributing factors. People not only do and will live longer, but they are "different" from yesterday's elderly. They are better educated, healthier longer, with younger families. And although there is now an obesity epidemic in the United States, advanced medicine will allow people to live longer with chronic conditions – such as obesity, diabetes, and heart disease.

People will also work longer. While it had been forecasted that future elderly will be financially better off than previous generations, Hiemstra was skeptical. He predicts there will be a small set of seniors who are well off, but a growing group will be actually poor – in a "back to the future" situation mirroring a time gone by in which older people were largely poor.

What do men do when they retire? They go from being "out there" to becoming more and more "in" and inward: moving from the workplace to the golf course, from the golf course to the yard, and then to the workshop in the basement or garage, and finally, the easy chair in front of the television. Women, however, move in the opposite direction. Their life at home of childcare and housework is now freed – and they join clubs, social groups, and travel. Men, however, won't travel alone or without their spouse while women will. The former AARP travel company (with mostly older clients, average age of 76) regularly booked group trips for seniors, composed mostly of women.

Hiemstra also discussed the classic breakdowns in generations, and where they will be in 2025. Traditionals, born before baby boomers, will be 80 plus, and some will still be with us in 2025. Baby boomers will be 61 to 79; Generation X (gen-xers) at 45-60, will be in charge in the future. Millennials will be 25 to 45, and post-millennials are the generation following them.

In Georgia, in 2005, we had 852,000 people over 65; in 2025, that number will double to 1,668,000, making Georgia the eighth fastest-growing state in the nation in senior increase. To put it in perspective, in 1900, there were only 10 million people over 65 in the entire world; Georgia will have 18 percent of that number. Florida, which has 17 percent of its population in that age bracket, will no longer be alone. In fact, there will be "27 Floridas in the US by 2025." As for Georgia, we will also have a lot of young people as well as old people, all requiring tax resources for services

and necessities, such as education. Yet the tax base for providing these funds will have decreased as a large proportion of the working population retires. In 1950 in the U.S., half of 70-year-old men were still in the paid labor force. Today, 67 percent of men and women over 55 are no longer working at all. How viable is that for the long-term future?

Expectations for transportation in the future may also not be viable or realistic. Today, 80 percent of those over 55 own and drive their own car; but 20 percent of those over 65 no longer drive. While 57 percent of the population expect to be driven in the future when they're older, is this expectation realistic? Thirteen percent expect to use transit, a higher percentage than use it today. This leaves the question: How will we get around and will we have the infrastructure to do it?

Another important question is: Where will we live? Studies show 75 percent of seniors want to live in their own home as long as possible. Hiemstra posed the question to the audience, "Where do YOU want to be living?" If not one's house, then what kind of place, and more importantly, what are the odds we would have such a place (and enough of them for the vast numbers of new seniors) in 2025?

Hiemstra looks to Japan, the "canary in the coal mine," to help predict the effects of aging in America. Japan is about 10 to 15 years ahead of America in this area. First of all, Japan, whose birth rate has dramatically dropped, has a population pyramid that has already become a rectangle, and is now on the way to becoming an inverted pyramid, with elders at the top being the greatest number of the population. While Japan's and the U.S.'s aging trends may be similar, in some areas, Japan's coping with elderly growth is very different. While the U.S. may expect to do what Japan is doing, we are not set up for it, socially and structurally. Eighty seven percent of elder care is given by immediate families in Japan – daughters and sons, or daughters-in-law or sons-in-law; only 13 percent of seniors have hired help, whether in-home caretakers or institutional help. While the U.S. may expect to replicate Japan's methods, we are culturally unlikely to do so in many areas, such as caretaking. Furthermore, Japan's social expenditures are heavily tilted to programs for older citizens. Seventy percent are budgeted for the aged, only 4 percent for children. By contrast, in the early 70s, U.S. expenditures on seniors were only 6 percent; by 1992, they were 18 percent; and 2025 projections are only 27 percent. In addition, employers in Japan try to keep the elderly working longer and modify jobs to fit their needs, knowledge, and skill level. The Japanese even create innovative technology for elderly needs, such as more accessible cars, and "care robots."

By contrast, when U.S. officials are asked what are their plans to prepare for the "Age Wave," the answer is, disturbingly often, "Nothing. They're all going to move to Florida anyway, why should we worry?" However, the majority of seniors do NOT want to move. They have mortgages, relationships, security and roots where they already are. As a result, NORCs (Naturally Occurring Retirement Communities) will be everywhere. And there actually are some policies, such as The Aging in Place Initiative, designed to help retirees who stay in their homes.

However, one problem with aging-in-place is housing trends in the last 50 years. In 1950, the average house was 980 square feet for 3.4 people; today, it is 2600 square feet for 2.6 people. But that's just average. There are many, many even larger "McMansions" – huge houses – being averaged in the statistics with smaller living spaces such as condos. While "McMansions" may be a status symbol and good for a large family, many have accumulated too much debt, and when the children leave, a huge home is not ideal for the elderly. Who can afford one, and who wants to live in one, with empty floors and dark bedrooms and yard maintenance and higher bills? But where can one find a 1200- to 1400-square-foot home nowadays? Homes outfitted for an aging person's declining physical needs are not common either. Homes built for seniors to stay in as long as possible will include things like ramps, rails, lighted hallways and rocker switches. Developers need to decrease the size and cost of new homes by half; younger families just starting out as well as elders just can't afford, nor do they need, the McMansions being built now.

In addition, communities need to provide transportation – public transportation, of course, but communities also need to be built with sidewalks. Sidewalks change the nature and feel of a neighborhood; they bring people outdoors, more able to access shopping, services and businesses even when driving becomes difficult with age. And, just as important, walking keeps seniors exercising and healthier longer, so they live more independently longer in their neighborhoods, without the need of caretakers or institutions for many years.

Manpower-wise, how do we care for the elderly? The family support that Japan has may not be part of the culture of the United States. In addition, there are fewer younger workers to either support Social Security or take care of the elderly. Georgia is the second to last state in the nation in terms of providing Medicaid spent on home care services. We need to think about providing Medicaid services in the home. Georgia also has a large rural population, and the rural elderly

want to age-in-place as well, but most long-term care services are in urban areas. Forty percent of Georgia's elderly live in rural areas, compared to 5 percent in Massachusetts and 12 percent in Colorado. There is a mismatch in the management of resources for elderly and the long-term care support of rural residents. Mental health is also an increasingly important issue. Depression is connected to chronic physical conditions, such as obesity and diabetes, that often afflict the elderly. The elderly account for 20 percent of all suicides, yet only 3 percent receive mental health treatment.

"The retirement dream has become a retirement myth," said Hiemstra. Prior to the 20th century, people did not retire. They did "slow down," but they still worked until they dropped, and they dropped relatively young – at age 47. Early in the 20th century, lifespans began to increase and a huge wave of European immigrants flooded the workforce, so aging workers were no longer needed, nor wanted. So policymakers sat down and basically "made retirement up." And the retirement they made up looks much like the retirement we have today – you work until a certain age, then you cease work, then you retire in leisure with accumulated savings and benefits. When the Depression hit and policymakers realized that most old people didn't have enough savings and benefits to retire, social security was also "made up" to go along with their newly created idea of retirement.

From the 1960s to the 80s, most people over 65 were retired, and only lived five to seven more years after that. Today, 57 percent of those over 55 are already retired. Can we continue this trend in today's dwindling pensions, reduced savings, and overwhelming debt environment? Before, we were expected to earn our money, now we are expected to pay for our money – in terms of borrowing and debt. Debt today is shocking compared to that of 30 to 40 years ago. The expectation is we'll still have enough, but really, will we? Are we going to have enough personal savings and resources to pay for our picture of the leisure-based life, to golf, and to simply relax? And with our increasing longevity, we'll have to somehow find funds to pay for retirement longer – not for five years, but for 20, perhaps even 30 years. Can we accumulate enough savings and benefits to do so, and do we really want to be merely golfing and driving around in a Winnebago for the next 30 years after we retire? When Social Security was created, it was intended to suffice for five or seven or 12 years at the most; now it must last 25 to 30 years beyond 65.

Twentieth century retirement came to an end in 1990, as the number of older workers stopped decreasing and began increasing once again. Workers in their 60s began to be more and more in the paid labor force in 1990, and more and more of us will want and need to be in the workforce as we retire. Are we prepared for an aged workforce?

Two polls show that we are not prepared. Manpower Inc.'s international survey showed that only 14 percent of 25 countries have strategies to recruit older workers; only 21 percent have strategies to retain older workers. Nationally, Boston College's survey of U.S. companies shows that only 24 percent have made some projections about what to do with an aging workforce; a mere 9 percent have gone so far as to make detailed projections. So what SHOULD we do to get ready for an aging workforce? Older people want to keep working, but the 9-5 work model is not for them. If, by the year 2025, 17 percent of Georgians are over 65 and perhaps still working, but working less (part-time), making much less income and paying less taxes, they will be well beyond the spending wave – the time in life when you spent the most money. Usually this is between the ages of 40-50, when with parenting and child care costs, including college. What will happen? Well, add up the loss of tax revenue on income and buying and you have an idea of how Georgia's fiscal picture will look.

Is aging just beginning? Dr. Leroy Hood, a Seattle scientist who worked on the genome decoding machine, says yes. Medicine today is limited; diagnostics are "posiparameter": there are only a couple of dozen things doctors can measure. Therapy only happens after an illness; it is a reaction to what's wrong. Prevention plays only a minor role. In the future, however, diagnostics will be "multiparameter"; blood tests will yield thousands of measurable results. Medicine will be preventative, diagnostics-driven, and personalized to you and your genetic makeup. (While this is certainly possible and perhaps probable, it is not guaranteed as all institutions are resistant to change, including the health care system. With "health care reform" often equated with "socialism," the system is resistant to change.) However, Dr. Hood believes we can extend our productive lifespan by 10 to 20 years over the next 30 years. In 20 to 30 years, a 75 year old or 85 year old will have the health and life of a 65 year old today. Twenty years from now, we'll be considered young ourselves, and talking about what to do with all the old people.

"The future is not something that happens to us, it is something we do," Hiemstra observed. The challenge will hit us in 1,190 days from the moment the first boomer turned 25... we have just a little time left to get ready.

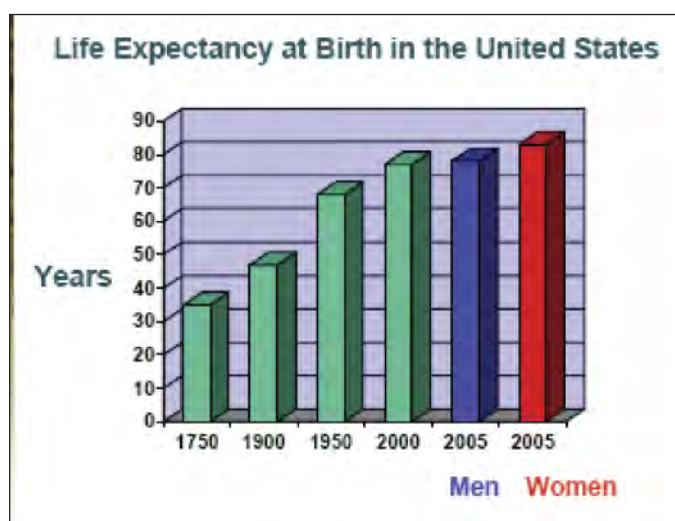
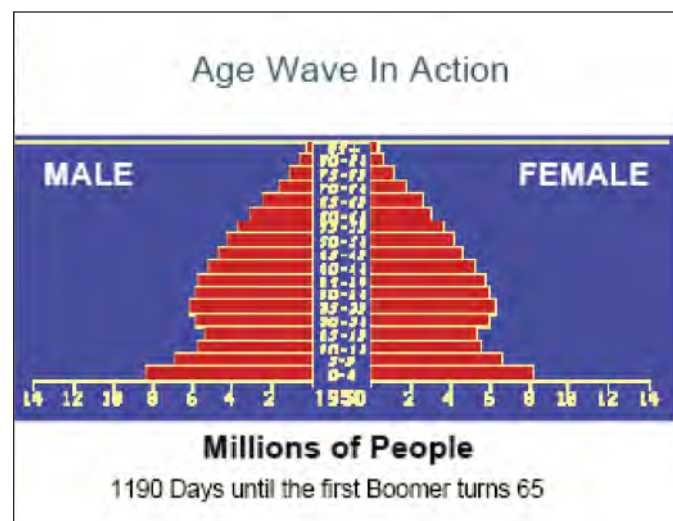


Listening to the Future

- ◆ Discontinuous Change
- ◆ The Georgia Story
- ◆ Japan Story
- ◆ Three Challenge Arenas
 - Livable Communities
 - Long term Care
 - Economic & Fiscal Issues



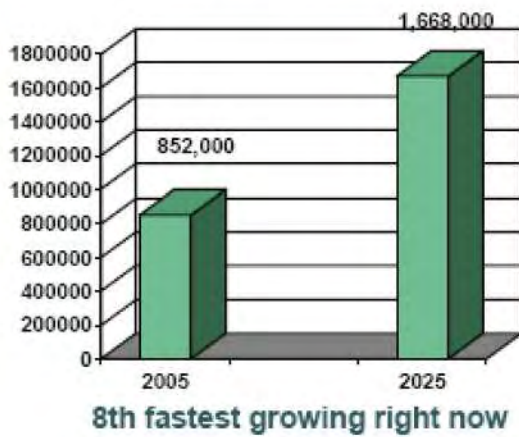
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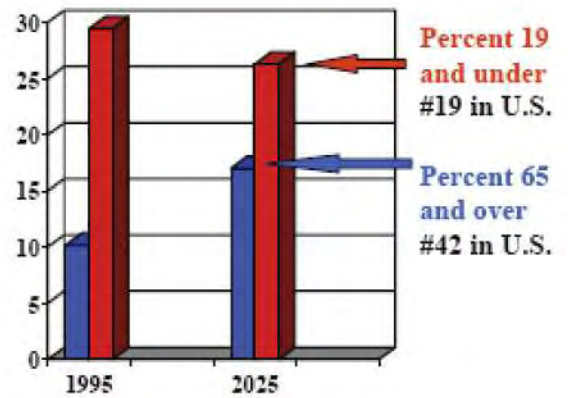
Generations 2025

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Over 65 in Georgia



Young & Old in Georgia

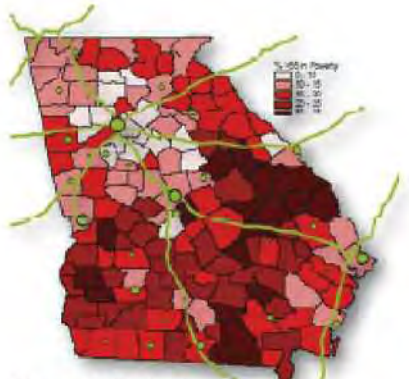


27 Florida's by 2025
States where at least 20% of
The population will be elderly



Source: U.S. Census Bureau, U.S. Department of Commerce, PPS-42

Year 2000: Percent
Over 65 in Poverty



Matthew & Tombell 2007

© FUTURIST.com

Working...

- ◆ In 1950 half of 70-year old men worked full time.
- ◆ Today in Atlanta region 67% of people over 55 are not working at all.



ARC 2006 Survey report

© FUTURIST.com

Traveling...

- ◆ Right now, 88% of 55 and older persons drive their own cars
- ◆ 57 % expect "to be driven" in the future
- ◆ 13% expect to use transit
- ◆ 20% of those over 65 not longer drive in U.S.

ARC 2006 Survey report



© FUTURIST.com

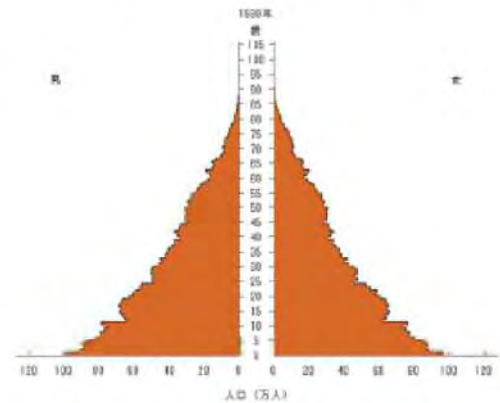
Living...

- ◆ As in rest of country about 75% of seniors plan to live in their current home "as long as possible."



ARC 2006 Survey report

Age Wave In Japan



Japan's Elder Care

- ◆ 87% cared for in Family
 - 43% of elders' primary caretakers are daughters or daughters-in-law
 - 7% of elders' primary caretakers are sons or sons-in-law
 - 37% of elders' primary caretakers are their spouses
- ◆ 13% have hired caretakers, other kinds of help, or no caretaker.

Japan's Social Expenditures

- ◆ In the early 1970s, social expenditures were 6% of Japan's national income. In 1992 that portion was 18%. It's expected that in 2025, the portion will be 27%.
- ◆ 70% of the social-welfare budget goes to programs for the aged, such as pensions and medical services, with only 4% set aside for services for children, such as child benefits and child-care services.

Japan's Economic Solutions

- ◆ Employers are keeping the elderly working longer
 - Modify jobs to suit the elderly (e.g. more lighting, fewer physical barriers)
 - Utilize their knowledge and skills
- ◆ Companies are creating products for the elderly
 - Accessible cars
 - Care-bots
- ◆ Families are expected to provide care

What it Means Here



1950 Average New Home



980 square feet for 3.4 people

Today's Average New Home



2600 square feet for 2.6 people

5,000 Sq. Ft. Homes



© FUTURETIST.COM

Ultimate Age Wave Question...

- ◆ Increasingly, 65-somethings will be facing large homes with dark bedrooms, lots of yard work, and a rusting basketball hoop over the garage. How many graying boomers will actually live in those 5000sf McMansions? Will you? But who else can afford them?

Need to Age the Home

- ◆ 1st Floor Master
- ◆ Dual Suites
- ◆ Wide hall ways
- ◆ Ramps, slopes
- ◆ Contrasting Steps
- ◆ Multi-family
- ◆ Apartments added
- ◆ Co-housing
- ◆ Rocker switches
- ◆ Lower, even adjustable counters
- ◆ Decreasing size & cost by one-half going forward from 2007

Infrastructure Needs

- ◆ Sign and document readability
- ◆ Public transportation / walkability
- ◆ Retrofitting homes for better accessibility
- ◆ Complete communities
- ◆ Re-zoning
- ◆ Small home options

Source: Duluth Weekly, September 10, 2007

Long Term Care

- ◆ Programs for in-home care
 - Georgia spends 23% of Medicaid dollars on in-home care, second to least in the nation
 - Georgia recently received funding to create more one-stop counseling centers for help navigating in-home care providers
- ◆ 40% of Georgia's elderly live in rural areas
 - Compare to 5% in Massachusetts, 12% in Colorado
- ◆ Most of Georgia's long-term care services are in urban areas

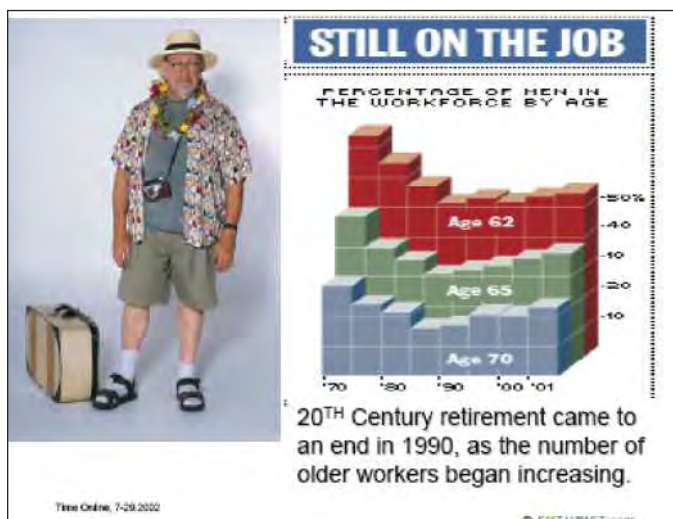
Source: Stateline.org, September 14, 2009

Aging and Mental Health

- ◆ In Georgia, the elderly account for 20% of all suicides, especially among white males
- ◆ Less than 3% of elderly receive treatment from mental health professionals
- ◆ Depression may be linked to other chronic conditions like cancer, Alzheimer's disease, arthritis, obesity, and heart disease.

Caregivers

- ◆ 4.7 potential care givers (Age 20-64) for each person over 65 in 2005
- ◆ 3.0 potential caregivers for each person 65+ in 2025



Are we ready for aged workforce?

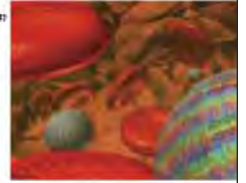
- ◆ Manpower, Inc.: 28,000 employers 25 countries:
 - 14% have strategies to recruit older (over 50) workers
 - 21% have strategies to retain older workers
- ◆ Boston College study U.S. companies:
 - 60% report recruiting competent workforce a significant HR problem
 - 40% say management skills in short supply
 - 37% have strategies to retain older workers
 - 24% have made some projections about their aging workforce
 - 9% have made detailed projections about their aging workforce
- ◆ Most older workers say 9-5, 5-day week does not work for them

Impact on Tax Receipts

- ◆ Less income
- ◆ Beyond the spending wave
- ◆ Tax exemptions

Is Aging Just Beginning? Medicine of Today and the Future

- ◆ Today
 - Diagnostics—"pauciparameter"
 - Therapy--reactive
 - Prevention--minor role
- ◆ Future
 - Diagnostics--multiparameter
 - Therapy--diagnostics-driven and personalized
 - Prevention--dominant role



Extend productive life span by 10-20 years over next 30 years
Dr. Leroy Hood, Inst. Systems Biology

Mid-21st Century Folk Song

- ◆ Happy Birthday Dear Granny
- ◆ Happy Birthday Dear Granny
- ◆ Happy One Hundred and Twenty Birthdays, Dear Granny
- ◆ Happy Birthday To You



Section 3

Session I:

Livable Communities

White Paper Summary:

Housing the Aging Baby Boomer Generation:

Implications for Georgia Communities or It's Too Late to Run...They're Here!


By **JOHN W. MATTHEWS** and **GEOFFREY K. TURNBULL**

In Georgia, baby boomers are living in large numbers in the metropolitan areas – particularly in the suburbs, in the northern mountain counties, and the coastal counties. A majority of the elderly say they want to stay where they are; they prefer to stay in the same house as long as possible, or at least in the same community. They want to “age-in-place” so they can remain close to family, children, support networks, and – in certain cases – the workplace. Unfortunately, the houses and communities that once met the needs of the now-elderly boomers, and the cohorts following them, may no longer be good matches. Houses contain barriers to those with limited mobility: doorways and halls are too narrow for wheelchairs; second-story rooms may become inaccessible; and house and yard maintenance may become too rigorous. Community services such as transportation, convenient shopping, community facilities, and access to health care take on added value. Counties and cities need to anticipate these changes in life stage needs and move to accommodate them with new housing maintenance, building, and zoning codes. Not all boomers will choose to age-in-place. Many will choose to move to new homes and will be looking for communities with enhanced natural amenities. Finally, affordable housing will be an issue for some of the growing number of elderly. Even though most no longer have mortgages, one-fifth of the elderly today pay over 30 percent of their income for insurance, utilities, taxes, and maintenance.

Session I Presentation

Geoffrey Turnbull

Starting off AYSPS's first conference session, on “Livable Communities,” Geoffrey Turnbull emphasized that most seniors, over two-thirds in fact, want to stay in their current home. If they are not able to stay in their current home, they want to live at least in the same community. In fact, most will stay right where they are, with the largest concentrations of seniors in the most populated areas of Georgia – which includes the northern half of the state as well as in the largest cities, Atlanta and Savannah. In addition, these seniors don't usually live in the cities proper, but reside where the rest of the population does, and where they have always lived – in the suburbs, exurbs, and rural places – and will stay there, too. However, this creates a housing mismatch, as most services that seniors need aren't available there. Elderly citizens will need a mixed use community with walkability and convenient access to many diverse businesses and services, including health care. Communities need and should provide housing variety for diverse affordable housing options. One of the best ways to insure that affordable housing needs are met is to insure that decisions are increasingly being made at the local level. What should local policymakers do to create communities that are more livable? Start with updating zoning laws: zoning may need to be mixed use so seniors can easily get to the services and business they need without help and therefore retain their independence longer. This type of change may incur some opposition by community members. Other changes may be regulatory, including contractor licensing and bonding, and housing code flexibility.



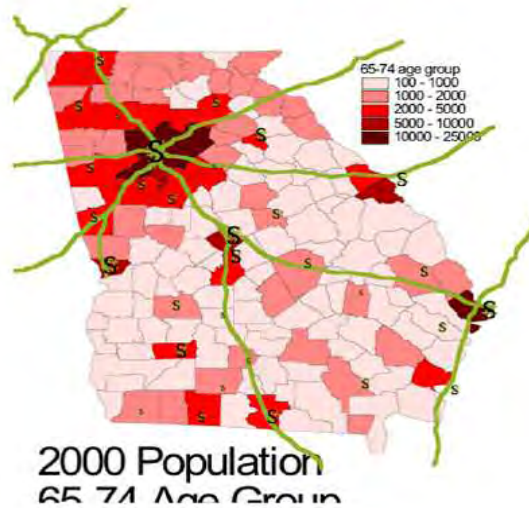
Housing the Baby Boomer Generation: Implications for Georgia Communities or It's Too Late to Run...They're Here And They're Going to Stay



Where Will They Be ?

- Over 2/3 want to stay in same house
- If not same house – same community
- Living now in suburbs, exurbs, and rural places

Where Will They Be?



Where Will They Be?

- Over 2/3 want to stay in same house
- If not same house – same community
- Living now in suburbs, exurbs, and rural places
- Most will stay where they are
- **AGING IN PLACE**

How Are Communities Affected?

- Housing mismatch
- Need for access
 - Walkable
 - Mixed use
 - Housing variety
- **LIVEABLE COMMUNITIES**

What To Do?

- Zoning
 - Mixed use
 - Potential opposition
- Regulations
 - Allow private response
 - Contractor licensing & bonding
 - Housing Code flexibility

Session I Panel Discussion:

Bill Floyd, Mayor of Decatur; Kevin Isakson, Director, Marketing & Sales, Isakson-Barnhart; Margaret Counts-Spriggs, Professor, Clark Atlanta University

Decatur mayor **Bill Floyd** spoke of Decatur's experience creating an active senior community. Since older people want to remain close to home, and above all else want to live active lifestyles, a community must be willing to plan, to spend tax dollars on quality of life improvements, and to change zoning laws for seniors needs, which includes making it higher density as well as requiring housing affordability in prices and taxes. Decatur is a model of planned growth. The city began planning its current town-center model in the 1980s. Two of the major factors that contributed to the success of Decatur's plan were the ability to revamp public housing to meet the needs of an aging public, as well as the ability to offer mixed-rate housing options for all segments of the population. The City of Decatur now plans to create the position of an active living coordinator to advise future municipal decisions. Baby boomers are expecting a number of things in retirement, including social security checks, active lifestyles, opportunities to do things, to live around family, and to stay in community. As a result, the policy issues become many. Public housing is another policy issue – Decatur is not going to force people out, but it has to change, and the market rate has to allow affordable housing.

The next presenter, **Kevin Isakson**, the marketing and sales director for the development firm of Isakson-Barnhart, offered a private sector view on the issue of livable communities. As a developer of continuing care retirement communities which consist of independent residences and services, Isakson discussed the problems that accompany the development of Continuing Care Retirement Communities (CCRCs), the most urgent being the difficulty in complying with outdated zoning codes. Another issue is the length of time it takes to develop the typical CCRC, with an average of five to seven years from planning to completion. Available land, impact on traffic, and access to labor are other concerns of a retirement community developer. CCRC's should also be crime free and allow seniors to remain in their own communities. Isakson emphasized Atlanta's need for far more CCRC's – pointing out that the city of Charlotte, much smaller than Atlanta population-wise, had three times as many elderly care facilities as Atlanta. Isakson also discussed the enormous benefit in terms of social capital that is a byproduct of insuring that elderly wisdom remains in a community.

Margaret Counts-Spriggs, associate professor in the School of Social Work at Clark Atlanta University, concluded the panel discussion by addressing the social equity issues that emerge in aging policy. Governments need to provide quality affordable long-term care for poorer elderly citizens. Adjusting the provision of the public services currently offered can better meet the unique needs of the elderly. She urged the continuation of discussions on the topic of aging, and felt that to be effective, it is imperative that stakeholders from all aspects of the community are brought to the table.

In individual roundtable discussions, conference participants identified new or surprising facts and ideas from the livable communities session. Among the top three were: the idea of creating an Active Living Coordinator position similar to Decatur's; the fact that Charlotte has more Continuing Care Retirement Communities (CCRC) than Atlanta; and more generally, the impact aging will have on current zoning and housing plans. In the same discussions, conference participants offered their thoughts on the most important actions that need to be taken to build "livable communities." Some of the most cited were the need to create affordable housing for seniors; making policy decisions increasingly at the local level, specifically, with zoning and transportation issues; and finally, focusing policymakers' attention on preventive healthcare. Transportation improvements can include, first and foremost, walkability: sidewalks and paths for walking, as well as biking, with close and convenient access (within a quarter of a mile) to businesses, services, and family and friends. Not only does walking retain senior independence longer, it keeps them healthier longer. Other transportation changes include improved road design, such as better traffic signage, clearer pavement markings, and brighter stoplights, as well as safe and accessible transit and paratransit services. Another major issue is the need to shift focus to preventive health care for the elderly, as opposed to treating patients with the traditional retroactive approach. In general, the importance of public-private partnerships and educating the public as well as state and local officials was emphasized.

Section 4

**Session II:
Long-Term Care Needs**

White Paper Summary

Long-Term Care: A National Perspective and Implications for Georgia

By **GLENN LANDERS** and **DAWUD UJAMAA**

The aging “Baby Boomer” generation will be the most significant factor increasing the demand for long-term care services over the next half century. Tomorrow’s elderly (those age 60 and above) will have very different social demographic, health, and economic characteristics than today’s elderly. Nationally, the elderly population is expected to grow from 35 million in 2000 to more than 80 million in 2050, with a five-fold increase in the “oldest-old” (people age 85 and older), who are disabled at the highest rates. The elderly population in Georgia will increase 143 percent between 2000 and 2030, versus a total population increase in Georgia of 47 percent. Georgia’s aging population will be spread throughout the state, but concentrations will be greatest in suburban and rural areas as well as the Savannah metropolitan area. There remains the problem of finding an available workforce to provide direct care as the number of workers per older adult drops precipitously. It is estimated that the number of disabled people over 65 will double over the next two decades, which will drive up the need for and cost of long-term care services.

Session II Presentation

Glenn Landers

The primary concern of the aging population is health care costs, according to Glenn Landers. Another related concern for seniors’ long-term care needs is the expected shortage of caregivers, including family, for the vast numbers of aging seniors. The size of the disabled elderly population is expected to increase 50 percent nationally between 2000 and 2040. The disability rate in Georgia is presently in the middle among all U.S. states, but is projected to increase significantly by 2040. Disability rates will fall between 2000 and 2020, but then rise through 2040 as boomers reach their 80s. Even with disability rates remaining constant, the number of elderly Georgians with disabilities could double by 2025. As a result, long-term care spending will also double from 2000 to 2030.

Georgia’s health care workforce is in a crisis as the ratio of workers per older adult is falling. In 2040, there will be only nine younger direct care workers per older adult – compared to 15 in 2000. Adding to the problem of large numbers of aging citizens is that the present health care force is aging itself; most Georgia nurses are over 40 and less than 10 percent are under 30. The elderly’s biggest health care issues are disabilities, chronic disease, and high rates of dementia. There is a mismatch between these chronic illness needs and health services that are geared toward acute care, as well as a general lack of awareness on what the priorities are. In a 2006 survey of Georgians over age 55, 19 percent said “I don’t know” when asked about what types of services or assistance they might want or need in planning for the future. The needs of an aging population are diverse. Sixteen percent will need in-home help; 9 percent, transportation; 9 percent, access to medical care; 6 percent, government financial assistance; 6 percent, nursing home/assisted living; 5 percent, assistance with meals; and 4 percent, prescription drug assistance. When polled about what they would do if they were unable to care for themselves in the future, the consumer choice was for home-based care. Over half (54 percent) of Georgians responded that they would rely on family to help care for them. Another 30 percent would go to a nursing home, while 9 percent did not know what they would do, and 6 percent planned to use some kind of insurance.

Service delivery models for an aging population are guided by the 1999 U.S. Supreme Court Olmstead Decision, the “integration mandate” of the Americans with Disabilities Act, which requires public agencies to provide services “in the most integrated setting appropriate to the needs of qualified individuals with disabilities.” The Olmstead decision obliges states to place individuals in the least restrictive setting for their needs as much as possible.

Some service delivery models include the 2000 Federal Systems Change Framework and Georgia’s Real Choice Systems Change Grants, valued at over \$4 million, which address barriers to integrated community living. They develop an ongoing mechanism for consumer involvement and a process for effective communication and collaboration to ensure an accessible, integrated community service system for elderly people and people with disabilities. The principle of “Money Follows the Person” means that funding is tied to a specific individual regardless of the service delivery setting. Georgia received a grant of \$34 million for five years to implement the concept. Other service delivery models include aging resource centers and retirement communities. The Aging and Disability Resource

Centers (ADRC) is a joint program of the Administration on Aging (AoA) and the Centers for Medicare and Medicaid Services (CMS) that restructure services and supports for older adults and people with disabilities; Georgia received a federal grant in 2004 to pilot two ADRCs and expanded to five in 2006. Supplementing these are Continuing Care Retirement Communities (CCRC), also mentioned in the previous session on livable communities, which are diverse, contractually-based communities providing for varying kinds and levels of elderly needs, including independent living, assisted living, nursing facilities, Alzheimer's needs, hospices.

The presentation concluded with the following thought from Dr. Paul Hodge at the White House Policy Committee's Conference on Aging in 2004: "While many experts, pundits, and the press have made predictions about how the aging of the Baby Boomers will affect the United States, in actuality, no one really knows with any certainty what will happen. What is clear is that the policy implications and ramifications are unprecedented in history. America's aging will transform politics, retirement systems, health care systems, welfare systems, and labor markets. It will force a re-thinking of social mores and prejudices, from issues of age/gender discrimination in the job market to end-of-life care. Whether that transformation is positive or negative will depend on planning and preparation that must begin today."

Long-term Care: A National Perspective and Implications for Georgia

Glenn M. Landers
Georgia Health Policy Center

September 26, 2007



ANDREW YOUNG SCHOOL
OF POLICY STUDIES

1

A National Perspective and Implications for Georgia

- The impact of an aging population on long-term care
- The long-term care needs of an aging population
- Service delivery models for long-term care

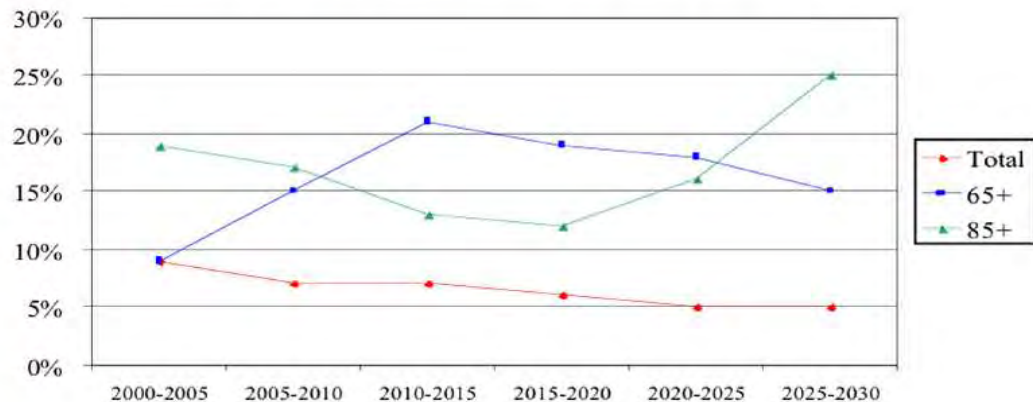


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OF POLICY STUDIES

2

The Impact of an Aging Population: Growth

Georgia Population Growth by Age Group



Source: U.S. Census Bureau State Interim Population Projections, 2006.

The Impact of an Aging Population: Disability Rates

- Disability rates are predicated to fall between 2000 and 2020 but then rise through 2040 as the Baby Boomers reach their 80's.
- The size of the disabled elderly population nationally is expected to increase 50% between 2000 and 2040.

Source: Urban Institute, 2007 and Cutler, 2001.

The Impact of an Aging Population: Disability Rates

- Georgia ranks in the middle for disability rates of all ages
- Even with disability rates remaining constant, elderly Georgians with disability could double by 2025.

Source: BRFSS and Landers, 2005.

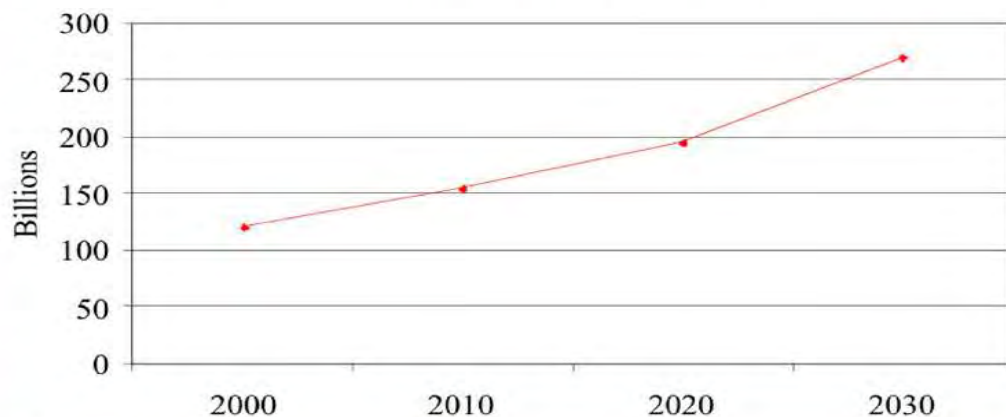


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5

The Impact of an Aging Population: LTC Spending

Growth in Total U.S. LTC Spending



Source: Knickman, 2002.



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OF POLICY STUDIES

6

The Impact of an Aging Population: Workforce

- Georgia's health care workforce is in a state of "Code Blue".
 - The ratio of workers per older adult is falling.
 - In 2040, there will be only 9 younger direct care workers per older adult compared with 15 in 2000.
 - Most Georgia nurses are over 40 and less than 10% are under 30.

Source: Knickman, 2002 and Johnson, 2007, Georgia Health Strategies Council, 2001.

The Needs of an Aging Population

- Needs are driven by disability, chronic disease, and high rates of dementia
- There is a mismatch between needs and services geared toward acute care.

Source: MetLife, 2004 and Wagner, 2001.

The Needs of an Aging Population

- In a 2006 survey of Georgians over age 55, 19% said “I don’t know” when asked about what types of services or assistance they might want or need in planning for the future.

Source: Landers, 2007.

The Needs of an Aging Population

- 16%: In-home help
- 9%: Transportation
- 9%: Access to medical care
- 6%: Government financial assistance
- 6%: Nursing home/assisted living
- 5%: Assistance with meals
- 4%: Prescription drug assistance

Source: Landers, 2007.

The Needs of an Aging Population

- If you were unable to care for yourself in the future, what would you do?
 - 54%: Rely on family
 - 30%: Go to a nursing home
 - 9%: I don't know
 - 6%: Use LTC or other insurance

Source: Landers, 2007.

Service Delivery Models for an Aging Population

- 1999 U.S. Supreme Court Olmstead Decision
 - The 'integration mandate' of the Americans with Disabilities Act requires public agencies to provide services "in the most integrated setting appropriate to the needs of qualified individuals with disabilities."

Service Delivery Models for an Aging Population

- 1999 U.S. Supreme Court Olmstead Decision
 - “States are required to place persons with mental disabilities in community settings rather than in institutions when the State’s treatment professionals have determined that community placement is appropriate, the transfer from institutional care to a less restrictive setting is not opposed by the affected individual, and the placement can be reasonably accommodated.”

Ginsburg, 1999.

Service Delivery Models for an Aging Population

- Real Choice Systems Change
 - 2000 Federal Systems Change Framework
 - Georgia’s Real Choice Systems Change Grants
 - \$4,169,000
 - Address barriers to integrated community living
 - Develop on ongoing mechanism for consumer involvement
 - Develop a process for effective communication and collaboration
 - Ensure an accessible, integrated community service system for elderly people and people with disabilities

Service Delivery Models for an Aging Population

- Money Follows the Person
 - Funding is tied to a specific individual regardless of the service delivery setting.
 - Georgia received a grant of \$34,000,000 for five years to implement the concept in Georgia.

Service Delivery Models for an Aging Population

- Aging and Disability Resource Centers (ADRC)
 - Joint program of the AoA and CMS
 - Restructure services and supports for older adults and people with disabilities
 - Georgia received a federal grant in 2004 to pilot two ADRCs.
 - Expanded to five in 2006.

Service Delivery Models for an Aging Population

- Continuing Care Retirement Communities (CCRC)
 - Independent living
 - Assisted living
 - Nursing facility
 - Alzheimer's
 - Hospice
 - Contractually-based

Conclusion

“While many experts, pundits, and the press have made predictions about how the aging of the Baby Boomers will affect the United States, in actuality, no one really knows with any certainty what will happen. What is clear is that the policy implications and ramifications are unprecedented in history. America’s aging will transform politics, retirement systems, health care systems, welfare systems, and labor markets. It will force a re-thinking of social mores and prejudices, from issues of age/gender discrimination in the job market to end-of-life care. Whether that transformation is positive or negative will depend on planning and preparation that must begin today.”

Dr. Paul Hodge, White House Conference on Aging, Policy Committee, 2004.

Session II Panel Discussion:

Len Walker, Chairman of House Human Relations and Aging Committee

Maria Greene, Director, Division of Aging Services, Department of Human Resources

Len Walker, Chairman of the House Human Relations and Aging Committee, focused on what life will look like in the year 2030. The growing senior population will be able to gain substantial political influence. “We live in a gerontocracy,” said Walker. He also asked, “What do I hope for in 2030 (when I’m 80)?” Seniors will want to age in place, will have substantial political influence due to their sheer numbers, will want a wider array of options along the spectrum of long-term care, and will want expanded accessibility to various services in community care. Walker concluded with the importance of expanding access to long-term care among all segments of the population.

Maria Greene, Director of the Division of Aging Services, addressed issues about current long-term care facilities. Greene pointed out that long-term care is about more than Medicaid and nursing homes, since future seniors will be healthier than past seniors, and many will only need minimal levels of assistance. We need to provide caregiver support to reduce the stress and burden of caregivers and their shortage. Among those targeted are caretakers of adult children with developmental disabilities as well as grandparents raising grandchildren (about 100,000 in Georgia). There is also a gap between geriatric mental health care and provided services. Triple the number of senior citizens go through Georgia’s state mental health system than national average. The faith community can be involved, for example, providing respite care for families with people with Alzheimer’s.

Roundtable discussions by conference participants found a number of items in the long-term care session presentations that were surprising. The top three were: the lack of geriatric mental health care, the large number of elderly caring for grandchildren and disabled children, and most importantly, that 55 percent of us expect our children to take care of us. Roundtable participants identified important action items as well, including the need to begin planning for the expected shortage of health-care workers. In addition, policy makers at all levels of government must work together to solve these issues, and the state of Georgia should assist and supplement its local communities financially in this area. Steps should be taken to ensure that long-term care alternatives are available to senior citizens. Also, to reduce the financial burden of hiring long-term care providers, the elderly should be educated in taking responsibility for their own long-term care finances.

Section 5

Remarks:

**AYSPS Founding Dean Roy Bahl
Georgia State University's
President Carl Patton**

Remarks

Roy Bahl and Carl Patton

Roy Bahl, founding Dean of the Andrew Young School of Policy Studies, discussed the need to consider not only the benefits of a growing elderly population, but the increasing cost issues that will result. Clearly we all want the best for the elders in our society; however, we must explore where the money is going to come from to make this happen. It may not be realistic to assume that many elderly will be able to support themselves. The needs of the burgeoning senior population will produce a different set of demands for government, and we must ensure that we have qualified personnel capable of meeting these demands.

Georgia State University's President **Carl Patton** had the honor of introducing Lieutenant Governor Casey Cagle. Patton first focused on the need to consider aging as an economic issue that requires serious attention from policy makers and academicians alike. He then acknowledged the Lieutenant Governor's commitment to the success of higher education in Georgia, as well as highlighting some of the progressive policies that he has influenced at the state level. President Patton reinforced the importance of positive collaborations between government policy makers and the institutions of higher learning that have been established to advise them.

Section 6

Luncheon Address:

Lieutenant Governor Casey Cagle

Remarks

Lieutenant Governor Casey Cagle

“Already, five of the 20 fastest growing counties in the country in terms of aging population are in Georgia, and it is clear that we are facing one of the biggest demographic shifts in our history. We shouldn’t look at this growth as a problem, but rather as a tremendous opportunity for our state. We need to make Georgia a ‘senior friendly’ state, a place where senior citizens will want to come live and enjoy this productive phase in their lives. Transportation, mobility, and long-term care are all critical issues, and our state needs to focus on what we can do to be sensitive to the needs of our aging citizens and to create a welcoming environment for this valuable sector of our society.”

- Lt. Governor Casey Cagle

Lt. Governor **Casey Cagle** understands what it’s like to be the underdog – and so he understands the needs of the elderly and how important it is to make policy that helps their situation and improves the state at the same time. As a former Georgia legislator now in the Lt. Governor’s office, Cagle collaborated often with Roy Bahl and the AYSPS staff for data, information, and resources critical in making policy decisions – often “very tough decisions that come down the pike, and without the proper due diligence in the front end, we may find ourselves in a disadvantageous situation,” Cagle said, emphasizing the importance of planning for coming changes before they actually get here.

Many challenges are coming in a short period of time, Cagle emphasized. “The U.S. population is expected to grow to more than 80 million people by 2050. Georgia is expected to see a 143 percent increase in the aging population from 2000 to 2030. This amounts to almost 2 million people age 65 and older.” Georgia’s most rapid growth areas, such as Gwinnett, Fayetteville, Dawson, Columbus, and Forsyth counties, are some of the fastest growing communities in the U.S., and they have an enormous amount of the population that is going to be aged 65 and older. Cagle believes, “We need to make Georgia a senior friendly state.” He is optimistic; though Georgia may be facing one of the biggest demographic shifts in its history, “we shouldn’t look at it as a problem.” While the trend of seniors migrating to and remaining in Georgia may have the potential to strain state resources, it also presents tremendous economic opportunities. Cagle has been a supporter of the development of active adult communities, which he considers an economic plus, as a market-based solution that also meets the needs of the new elderly demographic.

Cagle said seniors are actually a huge resource that could not be replaced by another demographic because more than being “takers of services, they’re givers.” They volunteer in hospitals, churches, educational systems, and other community organizations. In the U.S. today, senior citizens contribute over 3.5 billion hours worth of volunteer work per year, and this growing number of retirees will be much more service oriented. We need to tap into this valuable phenomenon, and encourage the continuation of this trend. To that end, Cagle challenged policymakers to reevaluate the tax system to give seniors incentives to stay in the state rather than migrate to Florida and Tennessee, states which seem attractive because they have exempted seniors from income taxes. Both Governor Perdue and Lt. Governor Cagle are proponents of eliminating the income tax for senior citizens as an incentive for seniors to migrate or stay here, due to the economic and social value that seniors bring to the state.

On the other hand, seniors require health care access and other deliverables, yet today in Georgia many would say that we are in somewhat of a health-care crisis, especially given the struggles of Grady hospital and the enormous individual health costs every citizen experiences. However, Cagle feels universal health care is not the answer; the real answer rests in the free market with its win-win situation of competition and free choice as to where to go and what services patients want. Government also plays a role in the delivery of health-care. Many seniors will need traditional health services, but others will need a nursing home or an assisted living scenario – Georgia must be prepared to meet the coming demand. Cagle’s conversations with the nursing home industry show that they recognize the opportunity and that they have to get bigger and better, but Cagle feels it is also a joint endeavor in which the state plays a significant role. Nursing home choices need to be gauged as well, and a rating system can be a helpful tool. Children of the senior adults want to be educated in making right decisions as it relates to where their parents will be in nursing homes. Some individuals may have money to pay for a potentially better level of care. A rating system allows individuals to make good conscious decisions, in line with their resources and needs.

Cagle stressed that we need to start planning now for the unique needs of the growing elderly population. The aging population will impact many facets of our state, including the rapidly aging workforce. As boomers retire,

the “brain drain” will necessitate younger replacements, as well as an educational system in place to train that next generation of skilled workers. The importance of a good education cannot be underestimated; we are competing not just among those in our county, state, or nation – but worldwide. Europe and other countries are gaining on us significantly; our education system must perform at the highest level possible to keep our competitive advantage. Lt. Governor Cagle put forth two educational incentives focused on changing the paradigm on education away from a top-down style of education to a bottom-up one. These incentives focus on putting kids on a path that leads them to a job. Eighty percent of the workforce tomorrow is going to need some kind of technical training, so he has introduced career academies, with high schools joining forces with stand-alone technical colleges to give students technical training. Georgia’s new program of career academies have 98 percent graduation rates and a 100 percent placement rate – the definition of success in education. This kind of preparation will help us replenish the dwindling workforce stemming from an aging population.

Transportation and mobility is another major issue for elderly citizens; planning to insure an adequate transportation infrastructure is imperative.

Cagle closed his talk on what Georgia can and should do for seniors on a personal philosophical note: “Life is not about self; life is about service – and service to others. And when we commit ourselves to that act of service, that is when we truly find the greatness that this world has to offer. You see, I’m a public servant. I have the ability every day to get up and to try and make a difference in the lives of all Georgians. The reason why we are here today is to focus on how we can make a difference in the lives of senior citizens. It makes a difference, and we need to be committed to do what we can, when we can, and as often as we can, to make this Georgia a better place.”

Section 7

Session III:
Economic and Fiscal Issues

White Paper Summary

Selected Fiscal and Economic Implications of Aging

By **DAVID L. SJOQUIST, SALLY WALLACE and JOHN WINTERS**

The graying of Georgia will have an effect on the overall economy: particularly the labor force; tax revenue; and on the level, composition, and nature of public services. State and local governments need to determine how an aging population will affect them and plan carefully for the changes that are coming. Georgia is unique in terms of the magnitude of the growth of the elderly. While Georgia currently has a relatively young population, because of the increase in its population, the state will deal with a larger growth in the elderly. To get a good handle on the labor force impact, it will be important to have an accurate overall inventory of workers in the public and private sectors. The growth in the number of elderly will affect the economy itself through the tax base. While Georgia experiences these pressures and potential benefits from an increased elderly population, it is time to determine the impact of tax policies and to project state and local budgets over a longer time horizon. Incorporating the demographic changes that are expected in the state over a 10-year period (or longer) will enable state and local governments to be more proactive in budgetary decisions in the short term. It is critical, therefore, that all levels of government assess their revenue sources to ensure that they are structured so as not to be overly susceptible to future demographic changes, such as the aging of the population.

Session III Presentation

Sally Wallace

In the final session on the fiscal and economic issues of aging, Sally Wallace focused on the aging labor force and resulting public finance issues. Georgia is, right now, a younger-than-average state. However, its population growth means that the number of elderly increases dramatically over the next 20 years, so Georgia will be much older than other states in a few decades. The transformation of the population pyramid to a population rectangle tells the story of the demographic shift. The implications on the labor force are varied; first, it changes the level and concentration of those actually working, as aging workers retire and reduced numbers of younger workers make it difficult to replace them. Policymakers do have some options to deal with the coming flood of retirees. These options include workforce development planning, pension reform, non-standard work arrangements such as part-time employment and flexible hours, emeritus programs for experienced retirees to remain partially employed, mentoring positions for experienced senior workers to help newer ones, and college tuition programs.

Public expenditures also change with an elderly population – with more spending on services targeted to senior needs. Another change affecting public expenditures is in the political arena, as people over 65 become a voting block, and voting patterns of the elderly will reflect their particular needs and wants. Tax revenues will be reduced, primarily due to less full time workers, so there will be less taxable income. Furthermore, consumption patterns will shift. Elderly citizens consume differently than younger ones; for example, services and health-related goods are consumed more. Another issue is property tax – many counties reduce or waive property taxes for retirees, affecting tax revenue. However, there are property tax exemptions for a variety of taxpayers, and seniors' exemptions constitute only about \$210 million impact on overall revenue. Likewise, the growth of the elderly and corresponding growth of senior exemptions reduces the amount of personal income tax revenue. Already the impact on tax revenue is being felt and it is growing; the impact is about 2.8 percent of income tax revenues now. The net impact of all of this is a growing effect on overall revenue. On the expenditure side, Medicaid is one of the largest publicly-funded programs—and most affected by elderly growth. Between 2000 and 2025, we are set to double the number of those over 65 with chronic conditions, which amounts to very expensive growth.

A primary issue of the demographic shift is that tax and expenditure policy will probably lag behind other changes. Options do exist to tighten exemptions, but there is always a trade-off and choices are difficult especially with Medicaid spending. The aging population creates substantial pressure on the economy and public finances, but some strategies have already begun for dealing with changes.

Selected Fiscal and Economic Implications of Aging

David L. Sjoquist

Sally Wallace

John Winters



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OF POLICY STUDIES

1

What we would like to cover

- Set the stage...again...
- Focus on labor force and public finance issues
 - What will be impacted?
 - How
 - What we might do?
- Looking forward with an aging population



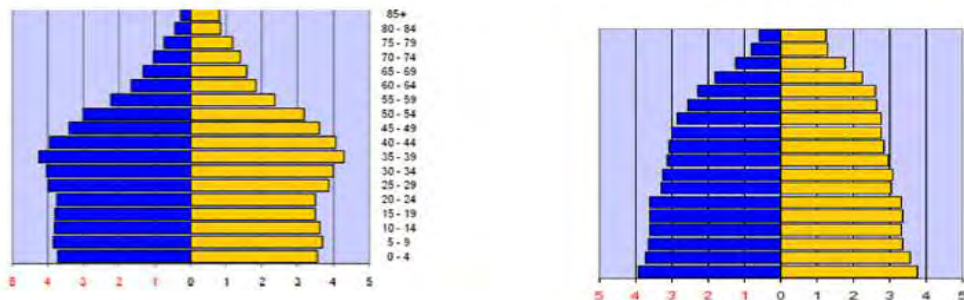
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2

How Old is Georgia?

- Younger than the average state
- But...our population growth means that the number of elderly increases a lot over the next decades
- See population pyramids for a synopsis of the story

Population Pyramids: Age Distribution for Georgia 2000 and 2025



Implications: Labor Force

- Variety of implications, focus on labor force
 - Change in the level and concentration of those in the labor force
 - Have we seen an increase in labor force participation?
 - Whether or not—what can be done?

Options for Dealing with an Aging Workforce

- Workforce development planning
- Pension reform
- Non-standard work arrangements
 - Emeritus programs
 - Mentoring
 - College tuition programs
- How effective?

Public Finances

- How does the growth in elderly affect expenditures?
 - Voting patterns
 - Needs and wants of the elderly
- And revenues?
 - Less taxable income
 - Consumption turns to services and health
 - Property tax treatment

Individual Income Tax: Important Revenue Source

- Income tax: growth of exemptions and growth of elderly reduces growth of personal income tax
 - Impact is growing, impact is about 2.8 percent of income tax revenues now

Consumption Reduces Sales Tax Growth



Property Tax

- Exemptions for a variety of taxpayers
 - Small revenue impact of those associated with elderly of about \$210 million
- Net impact:
 - Growing affect on revenue

Expenditure Side: Medicaid

- Medicaid one of the largest programs—and most affected by elderly
 - Set to double the number with chronic conditions over age 65 between 2000 and 2025
 - Very expensive growth!

Summary and Conclusions

- Overall, there is substantial pressure to the economy and the public finances
- Some strategies have begun for dealing with changes
- Tax and expenditure policy probably lag
- Options exist to tighten exemptions but difficult choices particularly with Medicaid

Session III Panel Discussion:

David Hankerson, Cobb County Manager

Mark Butler, Vice Chairman of House Appropriations – Human Resources

Cobb County Manager **David Hankerson** discussed problems facing Cobb County and its growing elderly population. Cobb County has a ten-year master plan for senior services in Cobb County; the plan is posted on the county website (www.cobbcounty.org), with quarterly reports. Hankerson also talked about how Cobb County has handled its own aging employees, including new approaches to pensions and other benefits. Some solutions to insure the continuation of qualified staff include better training programs for young workers, partially- or fully-funded continuing education for staff members, and finally the idea of re-hiring retired county workers on a part-time basis.

Representative **Mark Butler**, Vice Chairman of House Appropriations Committee – Human Resources, addressed projected costs associated with the aging population as well as the predicted labor shortage. Butler offered a unique policymaker's perspective to attendees, providing a legitimate and informed estimate of the costs and needs required to care for the elderly and describing other items currently competing for state allocations. Large and small changes are needed for the elderly, such as transforming services and living conditions. For a personal example, Butler said his father made every doorway in his house at least three feet wide so that he would have access if he became disabled. Butler also argued that Georgia must create policies that attract qualified workers to the health-care fields, employment areas that will be expanding rapidly to meet the demands of a new aging population.

Section 8

Panel of Policymakers

Panel of Policymakers

Glen Hiemstra, Futurist; Eva Galambos, Mayor of Sandy Springs; Sam Olens, Chairman, Cobb County Board of Commissioners; and Tommy Hills, CFO, State of Georgia

Concluding the Andrew Young School of Policy Studies conference on aging in Georgia was a panel of policymakers, led by keynote speaker and futurist, Glen Hiemstra, and featuring three preeminent policymakers, Eva Galambos, Mayor of Sandy Springs; Sam Olens, Chairman, Cobb County Board of Commissioners; and Tommy Hills, CFO for the state of Georgia.

When asked to choose the most important aging issue, the three officials responded with varied but complementary observations. Mayor Galambos emphasized that the two most important, impending, and impossible-to-ignore issues of America's aging population are Medicare and Social Security. Cobb County Board of Commissioners Chairman Sam Olens emphasized the importance of aging based on the sheer numbers: today, one in 10 citizens are seniors, but in 2030, one in five citizens will be seniors. CFO Tommy Hills noted that "planning for health care costs is huge" in order to fund the health care needs of the greater number of retirees. Planning is important, because, according to Hills, "changes now won't take effect for the next 20-30 years; therefore, it is urgent to implement programs that have long-term funding indications, but that don't cost much in the front end."

Regarding the issue of livable communities, Sam Olens responded that Cobb County is involved in several programs. They were the first local government in Georgia to enact a senior housing ordinance, which means more units per acre could be defined as low density if these units had "EZ Living Standards" (see Livable Communities white paper). Six other communities have adopted that policy since Cobb's implementation. Cobb County considers paratransit services essential; Olens said he "couldn't possibly imagine a more important service." Hand in hand with transportation is the need for zoning that doesn't keep seniors away from their children and grandchildren.

Eva Galambos discussed the benefits of the active senior center in Sandy Springs. She also mentioned that some Sandy Springs residents have been concerned about increased density zoning, in terms of multi-faceted housing, along the Roswell Road corridors and major arteries. However, Galambos answers that concern: "higher density along the transportation corridors meets their [seniors] needs" for close and easy proximity to services, medical care, recreation, and businesses." Moreover, due to the greater number of seniors in Sandy Springs, "two-thirds of emergency calls to the fire department are actually health related – most involve older people." Therefore, training all emergency personnel in emergency health response is another important program for cities and communities concerned about an aging population.

Tommy Hills noted the transformation in communities in just the last 50 years, from a "Main Street" mixed-use lifestyle of homes and businesses within walking distance of each other, to a automobile-driven suburban society with necessary goods and services inconveniently located, accessible only by motor vehicle – an arrangement that will provide great restrictions in the mobility and independence of an aging population. "What were we thinking in the latter part of the 20th century when we reversed thousands of years of community planning and separated people and housing from schools, grocery stores, services, and businesses?" CFO Hills acknowledged that zoning is a local issue, but added that the state also has an indirect role.

Regarding long-term care needs and fiscal issues, Hiemstra asked the panelists how long people will work, or work part-time. Mayor Galambos responded that with increased longevity, possibly increasing the number of retirement years to 30 or more, people will work longer because they want to. "It makes sense; we want to work. What are you going to do, sit around and knit and play bridge for the rest of your life?" Boomers' desire to work longer in their life meshes well with coming societal changes – with fewer younger workers, there will be a need for more part-time workers, and industry will, of necessity, adapt. Galambos also observed that with so many aging citizens, the need for caretakers is critical, and that caretaking is linked with the immigration question as well. Many immigrants, legal or illegal, find employment in the caretaking field, an issue that can't be ignored. "You have to be a realist," Galambos said.

Chairman Olens offered the conference audience unique ways counties and communities can bring in quality resources to benefit an aging population. When a Cobb County hospital received certification for open-heart surgery, it improved Cobb's medical resources in multiple ways. That certification "attracted brains and a greater level and amount of competence and advanced medical care to the county." Other Cobb County benefits provided to seniors include a school tax exemption at age 62, and policies to promote healthy lifestyles – sidewalks, exercise facilities and programs, and parks. "The healthier seniors are, the less they cost," Olens explained. In addition, county

employee policies are changing for fiscal reasons. Whereas the retirement age was once 49, it is now 55; therefore, employees are contributing and productive longer, and stressing the county's retirement funds less. Olens explained, "If one out of five people are seniors at 2030, who's going to pay for it?" More importantly, Cobb County has a system where county retirees can return and work for the county part-time up to 29 hours, allowing the county to take advantage of former workers with years of experience and skill, in addition to providing seniors more fulfilling, and better paying, positions "than being a greeter at Wal-Mart."

CFO Hills observed, like Mayor Galambos, that increased longevity means more years spent in retirement. "Now, we spend the first 15 to 20 years in our original family, work for 30 years, and retire for another 30 years," he said. "Only 3/8^{ths} of our life is income productive." The new problem becomes finding the best tax policies to maintain government income without burdening another population sector. If, as is the case in Cobb County, property tax reductions for seniors are 100 percent, something must be done. Hills explained, "Someone's got to give something up; someone's going to pay more if someone else pays less." Accompanying this dilemma is the fact that upon retirement, many seniors move to Florida to avoid paying taxes, and then Georgia loses taxes again.

In concluding remarks, Sam Olens encouraged policymakers to prepare new residents for the aging of a region – they have to talk about what's happening, he exhorted. Tommy Hills encouraged citizens to generate as much income as they can in their working life, so that they don't end up reliant on government services in their retired life, stressing government resources and minimizing the quality of their own lifestyle.

Finally Mayor Eva Galambos offered several insights. Regarding senior taxation, she observed that "we forget that government services have a lot of 'spillover.' I don't consume police protection directly, but if police keep crime down in my neighborhood, I receive the benefits of a great spillover effect. The same thing goes with education – if our community is well educated, we have a great spillover benefit." Therefore, seniors paying property taxes for education actually benefits them indirectly. Another significant problem Galambos noted was that of modern America's materialistic, consumer culture of conspicuous spending. When individuals are encouraged and trained by advertising and societal approbation to buy bigger and better items – whether houses, cars, clothes, other goods, or services – where is the money to save? Today's population has far lower savings than previous ones. "Young people are not getting ready to retire. Everyone is talking about the government's responsibility in taking care of an aging population, and they're all asking, what is the government going to do? But the question to ask is, what are citizens going to do?" One way to address the problem of an aging population is an individual one: policymakers should stop promising everything at the government level, and individuals should start putting money into savings accounts.

Futurist Glen Hiemstra concluded the session and the conference with the observation that 15 to 20 years ago, people began talking about the aging boomer demographic trend and its possible implications, but it was really "over the horizon" then. Now, however, the problem is far more imminent. "The wave is not quite crashing on us, but it's lapping at our feet. We have just a little more time, but if we wait any longer, the wave will come crashing down upon us."

Section 9

**Next Steps &
Summary of Recommendations**

Next Steps

What to Expect & How to Cope

A demographic tidal wave is coming and we are beginning to feel the effects of it now. As the largest age group in our country reaches retirement, the number of elderly will skyrocket, exponentially so in proportion to the rest of the population. Between 2000 and 2030, the over-65 population in Georgia will grow from 785,000 to 1.9 million, or two and half times the present population of Atlanta, a 143 percent increase. Nationally, five of the 20 fastest growing counties for those over 65 are in Georgia, and four of the 20 fastest growing counties for pre-seniors are in Georgia. Also, the proportion of the elderly to the rest of the population will double: in 1960, every person over 65 was outnumbered by 6.7 younger adults (20-64 year olds); in 2030, that number will drop to 3.5. In addition to the rapid increase in the number and proportion of aging citizens, the elderly are now living longer. In 1750, the average life expectancy was 35; in 1900, it was 47, a 12-year increase after a century and a half; now, it is over 80 for women and just under 80 for men. Life expectancy has almost doubled in one century and will continue to increase as medicine and health continue to improve. All stakeholders – government leaders and public sector aging councils and committees, private industries such as health care and community developers, local entities such as churches and community organizations, as well as families and aging individuals themselves – must work together to plan for the upcoming changes. Aging policies and accommodations for the rapid increase in seniors need to start now if Georgia is to be ready for the imminent population transformation. AYSPS's aging conference considered some primary areas for preparation, including livable communities, long-term care needs, and economic and fiscal issues.

Livable Communities

What to expect: Two thirds of older adults want to stay where they are, in their house or their community, which means that they will continue to live in the suburban areas where they reside now. As their households reduce in size, however, they will want to move to smaller housing; houses with less square footage will be in much greater demand than today's large mansions. Seniors become less physically mobile and often disabled as they age, so policymakers will need to ensure easy accessibility in new home designs as well as communities. The elderly will need convenient access to transportation, shopping, community facilities, and health care.

How to cope: Good community planning for aging-friendly neighborhoods will allow for mixed housing density (large homes as well as small in the same areas), mixed-use communities with businesses and services near housing and walkability built in, building code flexibility, and smaller affordable housing.

Long-Term Care Needs

What to expect: The number of disabled older adults will increase by 50 percent between 2000 and 2040. Accompanying costs, like health care in general, will continue to escalate. One example is that Georgia Medicaid long-term care costs increased 82 percent in five years between 2000 and 2005. Finding enough capable caregivers—including workers who deliver long-term care as well as family members—will be a major issue, as the working age population will decline over at least the next 25 years. Furthermore, as women continue to enter the workforce in higher numbers, the pool of family caregivers will decrease even more. Legally, because of the Olmstead decision, arrangements must be made for care to be provided in a community setting, as opposed to institutional care, whenever possible.

How to cope: More community and home-based services that provide the most appropriate and least restrictive care setting (whether a nursing home or private individual's home), must be identified and available to the needs of the upcoming senior population. Planning to address the coming shortage of health care workers is critical and needs to begin now. Caregivers will also need education and training that policymakers can start developing today.

Economic and Fiscal Issues

What to expect in the labor force: The labor force will be significantly affected by retirements in the Boomer generation, causing a loss of not only numbers of workers, but of needed experience and skills. While the age at

retirement has been declining from late 19th century to the mid 1980s, the participation of older adults in the workforce has started to increase, especially in recent years.

How to cope: To counter these trends, state and local governments need to engage in workforce and succession planning. Other action items include pension reform, such as transitioning from defined benefits to defined contribution or some hybrid, thus reducing the incentive for early retirement in many defined benefit plans. This is one strategy among many to retain older workers longer, and keep needed skills in the workplace, even if only part-time. Other strategies include emeritus programs and mentoring programs which use retired employees to interact with younger workers to facilitate knowledge transfer, as well as knowledge sharing forums wherein experienced older workers meet regularly with up and coming younger individuals. Government and private sector agencies need to gather more information on the expected effects of retirements by sector, skill level, management level, and other workplace areas of concern.

What to expect in public finances: Public finances will also be impacted by the coming demographic transformation. Age distribution affects the demand for certain public services and tax preferences: consumption patterns will change as a greater number and proportion of the population ages, which will influence state and local tax revenues in many areas, including income tax, property tax, and sales tax. The sales tax effect is related to these consumption patterns; seniors consume more services than the rest of the population, including health services and medical goods. And overall, they consume relatively less. As a result, there will be a relative decline in the sales tax base as the elderly population grows. Moreover, sales tax and property tax credits and exemptions for the elderly will affect revenue as the elderly population grows.

Public services demanded by the elderly may change the types of services provided by government. Medicaid expenses will rise as the number of seniors over 65 with chronic conditions will double by 2025. Also, there may be a need for more police, emergency workers, recreation, adult education, and other public services.

How to cope: Many actions will help address the public finance issues of a rapidly increasing elderly population. Firstly, policymakers must do cost-benefit analyses to determine the impact of tax reductions as an economic development tool. In addition, they should conduct a detailed decomposition of the changes in tax revenue, by type, over time. They should determine if elderly revenue flows, general economic growth, and other factors affecting the growth in taxes can be isolated. At the state and local level, policymakers should take a long range view and incorporate demographic changes over at least a 10-year period in making budget decisions. State and local governments need to look closely at their revenue structure to ensure that it meets revenue needs as the population changes.

The Challenge Ahead

The aging of the population will create complex and difficult issues. Resolving them will take commitment and persistence. Success will not come if the public sector acts alone. The issues addressed in this conference—livable communities, long-term care, and economic and fiscal issues—will require that local and state government, the non-profit sector, the business community, and most importantly, the citizenry be actively involved. As Boomers, the largest proportion of the population, age and retire, it will become critical for the remaining working population to become more productive. In addition, there may be an impact on children and education due to a competition for resources between seniors' needs and child-related programs and activities. At all levels, seniors' programs, such as Medicare, Medicaid, Social Security, and community services, may take a bigger part of the pie, adding to the already declining state and local revenue from reduced or absent property taxes for seniors. More public resources will have to be allocated for seniors, but policymakers still must safeguard the education of children. Our future workforce's productivity will suffer if we take money from our children's education. In addition, the reduction in numbers of the working age population to replace retiring baby boomers will cause a need that must be filled; immigrants are one option to fill in some of the slack as is increasing worker productivity and allowing older adults to work beyond the normal retirement age. These and other of the many issues of an aging populations must be considered and addressed as soon as possible; the demographic tidal wave is fast approaching.

Summary of Recommendations

Livable communities

- Create policies to allow mixed density—going from low density (big house and yard) to higher density, aging friendly neighborhoods.
- Offer building code flexibility to allow retrofitting of homes.
- Ensure there will be affordable housing.
- Zoning changes: Allow mixed-use development neighborhoods incorporating livable community features.
- Zoning changes: Allow for intergeneration living arrangements.
- Zoning changes: Allow flexible zoning and land use regulations which allow retirement communities
- Encourage naturally occurring retirement communities (NORCs).
- Develop new financial products that allow older adults to extract equity from their homes.

Long-term care

- More community- and home-based caregiving services will need to be identified. It is important to ensure those care options (whether a nursing home or in the home) are available and affordable.
- Plan now to address the critical future shortage of health care workers. Education and training programs also need to be developed for caregivers.
- Explore initiatives that improve the financing and delivery of care, such as:
 - Real Choice Systems Change Grant—facilitate the design and implementation of improvements in community care.
 - New Freedom Initiative—improve access to community living for persons at all income levels in order to implement the Olmstead ruling.
 - Consumer direction—recipients have the primary responsibility for making service decisions.
 - Cash and Counseling Demonstration and Evaluation—shifts the approach by giving cash for services to consumers.
 - Money follows the person—funding is tied to a specific person and can change as the individual's needs change, regardless of the setting in which services are delivered.
 - Aging and Disability Resource Centers—provide an integrated point of entry into the long-term care system, “one stop shops.”

Economic and fiscal issues

Labor force

- Create workforce development plans or begin succession planning programs.
- Pension reform—shift from defined benefit to defined contribution plans, or some hybrid of these plans. This reduces the incentive for early retirement in many defined benefit plans.
- Implement plans to retain older workers. For example, emeritus programs use retired employees to interact with younger workers to facilitate knowledge transfer; mentoring pairs older and recently retired workers with newer employees; or offer knowledge sharing forums wherein experienced individuals meet regularly with up and coming individuals.
- Focus on recruitment, retention and development of younger workers. Student employment and internship programs, creative college recruiting, and student loan forgiveness and tuition reimbursement programs can be key to hiring and keeping new workers.
- Gather more information on the expected impact of retirements by sector, skill level, management level, etc., to better prepare.

Public finances

- Use cost-benefit analysis to determine the impact of tax reductions as an economic development tool.
- Conduct a detailed decomposition of the changes in tax revenue, by type, over time. Determine if the elderly revenue flows, general economic growth, and other factors affecting the growth in taxes can be isolated.
- At the state and local level, take a long range view. Incorporate demographic changes over at least a 10-year period in making budget decisions. State and local governments need to look closely at their revenue structure to ensure that it meets revenue needs as the population changes.

Section 10

Appendices

Appendix A:

White Papers

- **Housing the Aging Baby Boomer Generation: Implications for Georgia Communities, or It's Too Late to Run... They're Here!**
- **Long-term Care: A National Perspective and Implications for Georgia**
 - **Selected Fiscal and Economics Implications of Aging**

**Housing the Aging Baby Boomer Generation:
Implications for Georgia Communities
OR
It's Too Late to Run...They're Here!**

by

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**Georgia's Aging Population:
What to Expect and How to Cope**

September 26, 2007

I. Executive Summary

The baby boom generation has reached a new stage in its progression through life: retirement. The baby boomers are becoming the elderly, and many more will follow. This largest population cohort we have ever known has had massive impact on schools, public finance, and the economy in general as its members have moved through childhood and productive adulthood. Now that they enter retirement and old age, they will have massive new impacts on housing and our communities.

What will these impacts be? As in previous times, the boomers' reaction to new life stages is relatively unpredictable. But, we can make educated guesses and take informed policy actions on some things.

In Georgia, baby boomers are living in large numbers in the metropolitan areas, especially in the suburbs, and in the northern mountain counties. Elderly and pre-elderly populations are increasing in these areas as well as the coastal counties. These counties, and their cities and school boards, need to be especially attuned to the implications of growing elderly populations.

A majority of the elderly and soon to be elderly say they want to stay where they are, in the same house as long as possible, and in the same community. They want to "age-in-place" for many reasons. They are attached to their home and community. They want to stay close to family, children, and support networks. A sizeable number will stay attached to work (for various reasons they will delay full retirement), keeping them in their present home and community. Some public tax policies intended to help the elderly, such as property tax assessment limits, will lock them in place, making taxes on a new house too expensive to allow them to move.

But, the houses and communities that once met the needs of the now elderly boomers, and the cohorts following them, may no longer be good matches. Houses contain barriers to no longer spry people, doorways and halls are too narrow for wheelchairs, second story bedrooms and bathrooms may become inaccessible, and house and yard maintenance may become too rigorous. Family homes are too big for "empty nesters"; maintenance costs, utility bills, and taxes are larger than warranted. Community services, such as excellent schools, become less important than access to good

transportation, convenient shopping, and community facilities. Access to health care becomes even more important.

Counties and cities need to anticipate these changes in life stage needs and move to accommodate them with new housing maintenance, building, and zoning codes. In many cases, private investors and developers are likely to recognize opportunities presented by the changing need of boomers. Local governments should be in position to work with appropriate market responses. Housing maintenance codes should be sensitive to the reduced needs of elderly homeowners for more expensive housing consumption and the burden of high maintenance costs, but must also consider the neighborhood effects of poorly maintained houses. Building codes should incorporate standards to ease access for increasingly immobile persons. Localities should be especially sensitive to needs for protection from unscrupulous contractors and increased inspection services that elderly homeowners may need when remodeling homes to meet their new needs. Zoning codes will need modification to permit mixed use, mixed density, mixed age communities. Mature core cities need to modify their zoning codes to encourage “retrofitting” of existing neighborhoods to make shopping, community facilities, and transportation more accessible.

Not all boomers will choose to age-in-place. Many will choose to move to new homes and will be looking for enhanced natural amenities – such as mountain and beach communities – and augmented civic amenities – such as lake resorts and beach resorts. Communities that can attract these people are likely to enjoy benefits brought by relatively wealthy new residents, perhaps not demanding excellent and expensive public schools, but offering a high level of civic participation. The same amenities that attract the “grey gold” population will also be attractive to needy elderly people, as well.

Finally, affordable housing will be an issue for some of the growing number of elderly. Even though most no longer have mortgages, one-fifth of the elderly today pay over 30 percent of their income for insurance, utilities, taxes, and maintenance. These costs and gentrification of older neighborhoods call for carefully designed tax and financial assistance policies for lower income elderly.

II. Introduction

It would be relatively easy at this time for the ‘experts’ to write a prescription for housing older people which would take into account the changes in physical status, health, and social circumstances which accompany aging. To do so, however, without knowledge of the consumer’s wants, would be short of folly.

--Donahue, 1954, pp. 23-24

Long anticipated, the leading edge of the baby boomer generation is now entering its retirement years. How will this demographic tidal wave affect our communities? And how will the growing numbers of elderly households, in turn, be affected by community responses to these changes?

This paper discusses some of the important issues that will confront community leaders as these demographic changes unfold in the coming decades. At root, community response to the challenges of an aging population is tied to the question of how to use our housing stock – existing and planned housing – to meet the unique needs of older adults while still accommodating the needs of the rest of the population. This dilemma has been with us for over five decades. The answers will not be simple. The difficulty our communities must confront is the reality that policy can open a range of lifestyle options for older adults, but the individuals will decide which path to take. While a large segment of the older adult population is highly mobile, the desire of the majority of near-elderly and elderly households to age-in-place shapes the policy options and consequences for our communities.

The oncoming wave of aging baby-boomers, as large as it is, is only a leading edge of even greater cohorts. The pre-retirement population between 55-64 is Georgia’s fastest growing group, expected to grow by one half over 2000-2010.¹ For the first time, our communities will have to deal with the implications of rising proportions of aging adults. Further, these baby-boomers differ from previous generations by greater diversity in educational backgrounds and household composition. Metropolitan areas with faster growth over the past several decades, like Atlanta, have already experienced significant immigration of baby-boomers who are now approaching the near-elderly and early-

¹ The summary statistics and projections in this paragraph are based on Frey (2007).

elderly benchmarks. These households are generally wealthier and have demonstrated that they are more willing to relocate than those remaining in slower growing metropolitan areas. Yet, only 7.5% of the over 65 population growth in the next decade is expected to come from immigration from other states. Thus, faster growing larger metropolitan areas like Atlanta are more likely than historically slower growing areas to experience greater diversity in housing types desired by wealthier older adults. The different socio-economic mix of aging populations in historically high growth areas also will place different demands on their local governments than in low growth areas. This emphasizes the importance of community level decisions when dealing with the upcoming elderly housing issues; the variety of scenarios requires that solutions are targeted to meet local conditions.

Throughout their lives, baby boomers have initiated economic and social changes that lead greater benefits for the cohorts behind them. This leading edge of baby boomers has now reached the retirement benchmark. It will have a similarly profound effect on communities. Policy makers and aging policy advocates must address several issues to adjust to the unavoidable demographic shift underway.

In the following discussion, Section Three summarizes the population and housing demand changes that are likely to confront communities in Georgia; Section Four discusses the consequences of aging-in-place for both the aging households and their communities; Section Five examines factors associated with the relatively small, but numerically important, segment of the aging population expected to remain willing to relocate to satisfy their changing housing demands; Section Six examines implications of the growing older adult population for community decision making; Section Seven summarizes a range of policy implications; Section Eight brings together the emerging elderly housing situation and ongoing affordable housing issues; and Section Nine presents a summary and conclusions.

III. The Challenge

Communities will experience increases in their aging adult populations in several ways. Outmigration of younger generations creates a rising proportion of left behind elderly unwilling or unable to move. On the other hand, immigration of older adults into a community creates a rising population of elderly who are willing and able to move. The final possibility is the natural aging of an immobile population. Each source of aging population has different consequences at the community level. Within Georgia, this distinction is important because, although Atlanta's increasing aging population is from some senior immigration as well as aging-in-place, smaller cities and rural areas are more affected by younger adults' outmigration coupled with elders' aging-in-place. In neither case is significant immigration of elderly expected to reinforce the State's demographic trend (Frey, 2007). Nonetheless, the different sources of aging population growth yield different aging population health and wealth characteristics.

Regardless of the source of growth in the older adult population, elderly housing problems arise from the fact that housing needs and demands change as we age. This creates a persistent mismatch between the housing stock and households. There are only two options to improve the match between housing stock and the needs of its occupants: either modify the characteristics of an aging household's home to better serve its evolving needs or move the aging household to a different home with characteristics that provide a better fit. Both strategies have their advantages and disadvantages.

In terms of housing the elderly, the policy question is the same today as in the past: How can available and planned housing be used to best meet the needs of older adults? The difference today is the sheer scale of the challenge; for the first time, we have to answer this question for a growing rather than declining proportion of the population.

A. Where Are the Elderly in Georgia?

Households comprising individuals in the 55-64 age range are labeled “near-elderly” or “pre-retirement.” Households in the 65-74 age range are the “young-elderly,” while households with individuals over 75 years old are “old-elderly.” The age cutoffs are not entirely arbitrary; they approximate the traditional retirement benchmark and an age after which the proportion of adults with age-related health constraints rapidly rises, respectively. Collectively, we refer to all these groups as “older adults.”

The aging population can also be categorized by health status, wealth, and home ownership. Since health status is correlated with the age cohorts defined above, the discussion here focuses on differences within age cohort in terms of wealth and home ownership.

Most older adults in the U.S. live in suburbs, exurbs, smaller cities outside large metropolitan areas, and rural areas. Georgia exhibits a similar pattern. Figures 1-3 show the old-elderly, young-elderly, and near-elderly populations by county. Table 1 lists the counties with the highest concentrations of these population cohorts.² Figure 1 shows that the greatest concentrations of old-elderly are, not surprisingly, in the major urban areas of the state. Looking more closely at the Atlanta metropolitan area, the greatest concentration is in the more heavily populated areas encompassing the primary city and the inner suburbs. Figure 2 shows a similar pattern for the young-elderly population, with the major difference being the greater concentration of young-elderly in the outer suburban counties around Atlanta. Figure 3 depicts the near-elderly population in the state. Following the pattern observed in growing urban areas elsewhere in the U.S., the greatest concentration of this group of adults nearing retirement is in the urban, suburban, and northeastern exurban counties in the Atlanta region. The other concentrations are in the smaller urban areas throughout the state. We also note that the next youngest cohort, aged 45-55, have location patterns similar to the near-elderly.

Figures 4-6 depict the growth in these cohorts of older adults over 1990-2000. From Figures 4 and 5, the rates of growth in the old and young-elderly populations are greatest in suburban and exurban counties in the urban areas, both large and small. The Atlanta metropolitan area in particular shows declining old and young-elderly

² See Appendix for all tables and figures.

populations in the primary city and strongest growth in suburban counties and the outlying counties to the north. The high growth rate in the northern tier counties reflects the growth of housing developments that are attracting near retirement and retired households.

Figure 6 shows the growth in the near-elderly populations. A large number of counties in central and south Georgia experienced declines or lower growth in this cohort over 1990-2000. Counties with large growth rates are in metropolitan areas, in the northern tier, or in the coastal region. What can we expect of the near-elderly group in particular as it ages? It is largely suburban. Will they remain in their current communities, move to other communities in or near the same urban area, or move out of state? And where will migrants from outside Georgia locate? The answers to these questions are crucial to understanding the effects that this aging population will have on communities in Georgia.

B. Housing Patterns of Older Adults

The “housing ladder” is one traditional characterization of housing demand patterns. It envisions a young household acquiring a starter home as a first stage of both consumption and longer term wealth-building through equity and appreciation, then moving up the housing consumption ladder with increases in income, wealth, and age. This view is roughly consistent with the “housing life-cycle” in which changes in an individual’s career role, family role, and health trigger changes in the housing demand of a household (Morrow-Jones and Wenning, 2005). However viewed, the housing demands of older adults are determined by family composition, income, wealth, and physical abilities, mediated by their attachment for homes and neighborhoods formed through long term association.

A survey of Americans over 50 years old conducted by the AARP in 2004 reinforces a widely-held view that being closer to family and friends is an important factor driving elderly housing decisions (AARP, 2005). Yet, family composition appears to be an empirically less important factor explaining home ownership over time; the related factors associated with the life-cycle explanation of housing demand are becoming less important as well (Gyourko and Linneman, 1996, 1997). Nonetheless, life

events associated with aging still affect the pattern of housing demands of older adults. Among the over-55 households who move, those who downsize appear to do so primarily because of poor health (Megbolugbe et al., 1997). This may mean either that these households are drawing upon their housing wealth to finance health care or that they are downsizing because they can no longer perform as much property maintenance.

Intergenerational wealth differences within families also affect the housing decisions of older adults, although sometimes in surprising ways. Megbolugbe et al. (1997) find that older households with adult children earning higher incomes tend to liquidate part of their housing equity by selling and buying a less expensive home while those with lower income children tend to invest in more housing by selling and buying a more expensive home when moving. These broad patterns suggest that downsizing by older adults does not mean buying less expensive housing. Older households do not downsize in order to liquidate housing wealth to finance their retirement.

While several of these studies pertain to earlier cohorts (the near-elderly that are now elderly), the implications are still relevant to the current near-elderly and younger cohorts of the baby-boomers. The current near-elderly and younger household cohorts exhibit greater diversity in family structure and greater family dispersion than previous generations, features likely to reduce community attachment due to nearby family. They have fewer children and are more likely to be divorced one or more times (Frey, 2007). These differences suggest that these households might be more willing than the current elderly to move as their housing and health care needs change with age. At the same time, however, a large segment of the aging baby boomer population is not accumulating sufficient savings beyond home equity and will depend upon government benefits for retirement. Regardless of their earnings while working, these households will be low income elderly when retired. Their financial constraints may prevent them from moving to more elderly-friendly housing or communities even when willing to do so.

Home ownership rates are higher for adults over 50 than for younger households. There is also a tendency to shift from home ownership to renting when over-75 years old, a observation consistent with the notion that moves late in life are often precipitated by a change in health or death of a spouse. Figure 7 shows the homeownership patterns for the

elderly in Georgia.³ Homeownership rates tend to be lowest in counties containing primary cities that have large populations of the old-elderly as well as bands of rural counties in the eastern and southwestern parts of the state. Homeownership rates are the highest in the suburban and rural counties.

Figure 8 shows the elderly poverty rates by county. What is interesting is that the highest elderly poverty rates are not in the counties with the lowest homeownership rates (Figure 7), reflecting the fact that many elderly households with modest or low wealth are homeowners. As explained below, homeownership factors importantly into low income households' decisions to age-in-place or move as they age.

IV. Aging-in-Place

Household motives for moving vary by age group. Households more than fifty years old tend to move less often than do younger households, and when they do move, they move for different reasons. For example, households in the 50-64 range tend to move for better jobs or better housing while households over 75 years old move to obtain more affordable housing or for health reasons. Overall, the desire to be closer to family and friends rises in importance as the household ages (AARP, 2005).

A. The Desire to Age-in-Place

The phrase "aging-in-place" means different things to different people, ranging from living in a particular home as long as possible or living in a series of homes in a particular community. It also refers to the process of moving in the pre-retirement period or immediately at retirement into a structured multifamily community offering a continuum of assistance that increases with physical need (Prosper, 2004). Older Americans have a clear-cut definition of aging-in-place: Most older Americans want to stay in their current homes until forced to move by circumstances (AARP, 2005; Gelwicks and Newcomer, 1974; Golant, 1984). For example, in a 2004 survey of older adults, 66% of 50-64 year olds, 83% of 65-74 year olds, and 86% of those 75 and older

³ See Appendix for all tables and figures.

expressed strong desires to stay in their current homes “as long as possible” (AARP, 2005).

For clarity, we define aging-in-place as remaining in the same home. We define aging-in-community as the case where the household moves from one home to another but stays in the same community. Aging-in-community includes the process of moving into a structured community that offers the continuum of assistance that allows the household to remain there throughout its life. However, popular analyses of the issues typically do not make the distinction between aging-in-place and aging-in-community made here.

Given the stated preferences of most older adults to age-in-place, the question becomes: how does this desire affect communities and what must communities do to make this option work for their aging residents? It means that, regardless of whether or where they choose to live or recreate in second homes, the bulk of the current near-elderly population (age 55-65) is likely to stay more or less where it is. Therefore the distribution of older households in Georgia in Figure 3 indicates areas where communities will have to make the greatest accommodations to deal with a large number of aging households.

The attraction of aging-in-place is easy to understand. Long term familiarity with a community, established friendships, and the life-experiences associated with particular homes or neighborhoods create a home or neighborhood-specific amenity that once left, is gone, and is difficult to replace. But this desire to age-in-place also creates a mismatch between community features and elderly household lifestyles. Simply put, the community features that households find attractive in their earlier years will probably not meet their needs they age.

Accessibility to employment sites, higher school quality, and newer housing are features valued by younger families drawn to suburban locations, but these are features that may not be as highly valued by older households. More suburban than central city households over 50 tended to give their communities poorer grades for a range of features like public transportation, proximity to drug and grocery stores, a local hospital, and opportunities for volunteering and civic engagement (AARP, 2005). Regardless of their

desire to remain in their communities, they are no longer serving their needs as well as they did when they were younger.

Other factors affect the reluctance of older households to readily change homes or communities as their physical needs change. Some of these factors may become more important as additional cohorts of baby boomers approach elderly status.

Changes in retirement patterns can affect the willingness of older adults to move. Although the long term pattern of earlier retirement is expected to continue (Gendell and Siegel, 1992), a subset of older households faces stronger incentives to postpone formal retirement. Mandatory retirement in the U.S. was largely abolished in 1986 (Burtless and Quinn, 2000), and expected changes in Social Security over the next decades will provide incentives for later formal retirement. In addition, the incentives individuals face to extend their working lives are likely to grow because the dearth of younger workers replacing aging baby boomers increases the value of productive older workers to employers. Individuals are already increasingly using part time employment or second careers as bridges to complete retirement.

Any tendency toward later full retirement means that a segment of the older population will continue to be tied to locations near their primary employment. Extending working lives may also help relieve financial stresses on many aging households, stresses that come from having a large portion of their wealth tied up in their homes, illiquid investments that contribute nothing to their current incomes. Longer periods of employment at higher income levels will also affect these older adults' housing demands, increasing the proportion willing and able to move up in the housing market. It is not clear if the ultimate result will be to increase or decrease the desire to age-in-place or age-in-community, but greater wealth makes relocation easier. The sounder financial footing that comes with later actual retirement increases the range of housing options open to aging households. Nonetheless, policies that support aging-in-place will also be important to future cohorts of older adults whether or not they choose to extend their working lives.

In addition, some attempts to make elderly housing more affordable, like property tax assessment growth limits or homestead exemptions for the elderly, create lock-in affects for older homeowners by increasing the gross cost of moving to another home. These policies inadvertently increase the economic incentive to age-in-place.

B. Consequences for Individual Households

The housing unit to household mismatch from aging-in-place has several dimensions. First, there is a quantity and quality mismatch. The housing unit may have more living space, larger yard, or larger garage and more outbuildings than the household will use at it ages. Second, there is a functional mismatch. Individuals who remain in their long-time homes must either adapt the structure to meet their changing physical needs as time passes or modify their lifestyle to accommodate the limitations imposed by the structure.

The size or quality mismatch need not be not problematic for the individual if it does not impose lifestyle constraints. However, a larger home or yard saddles the household with higher property taxes, utility bills, and maintenance costs than smaller structures with smaller yards. The result ranges from an unnecessary drain on the household's budget to triggering an affordability crisis. When housing expenses crowd out spending on food, transportation, recreation, or even medical care, they adversely affect the household's quality of life. Short term relief can be obtained by decreasing property maintenance. This will either increase future maintenance obligations or degrade the property. It also creates a negative effect on the neighborhood that can become reinforcing when the neighborhood has a large density of older households facing similar maintenance issues; declining property values reduce the incentive for neighbors to maintain or upgrade their homes, leading to greater general decline. For the elderly, the loss of property value makes it financially more difficult to move to housing that better meets their needs, the result being that general neighborhood decline creates its own lock-in effect.

The functionality mismatch can also reduce quality of life. Remodeling to improve accessibility can be stressful and expensive. And many homes have features that cannot be adapted to serve the household's lifestyle. While some modifications reduce the routine maintenance burden, other features that cannot be changed force the household to increase maintenance spending, substituting paid for work for their own labor as their physical abilities to perform these tasks diminish. The result may be that the household modifies its lifestyle, leaving inaccessible living space unused.

The surrounding neighborhood also impacts the lives of elderly who age-in-place. The risk of neighborhood decline, especially in low income neighborhoods, has already been discussed. Crime and transportation issues also affect quality of life. The ability to walk to local shopping and other services is important to households who wish to curtail their driving as they age. Central city neighborhoods and low density suburban subdivision developments each have different implications for the aging household.

Aging-in-place also keeps the household in a familiar social setting, increasing community engagement and social interaction. Maintaining a sense of purpose and community engagement may have positive long term effects on elderly health (Wong and Fry, 1998).

C. Consequences for the Community

Communities that successfully accommodate older homeowners will enjoy benefits. Elderly property owners are more engaged in the community than are renters, including being more involved in activities ranging from local governance to volunteering time to charities. The elderly are more physically active when living in a community in which they have been a long time, with positive consequences for their own quality of life and as well as the demands they place on social services (AARP, 2005).

Community costs come with a population aging-in-community. The typical suburban land use pattern reflects long held zoning practices that separate residential and commercial uses and promote low residential densities. While separating residential and commercial uses does not affect the delivery of services to the elderly, low residential densities can increase the cost of providing elderly support services.

Adverse selection effects are associated with a population aging-in-community. Older adult interstate migrants are generally wealthier and healthier than the average older adult (Coxe, 2003). This means that the population choosing to age-in-community will generally be less healthy and wealthy than average and will therefore place higher than average demands on local aging-related services. Health care for aging adults tends toward ongoing care for chronic conditions, in contrast with the single-intervention model for acute care that is more applicable to younger individuals (Wiener and Tilly,

2002). Communities with larger populations of older adults aging-in-place will have to make the appropriate changes to health service delivery systems to accommodate this change in care focus.

Areas with larger concentrations of low income older adults aging-in-place face negative neighborhood effects when they have growing difficulty maintaining their homes. An increasing number of low income elderly who no longer drive create special transportation issues. Suburban and urban bus and train systems are designed largely to serve commuters and not the irregular point-to-point transportation needs of the elderly. Low density suburban and rural communities will confront added costs of providing transportation support to diffuse populations of needy elderly.

As discussed later, accommodating the housing demands of a diverse aging population calls for mixed density and mixed use development, both of which represent significant departures from past planning paradigms. Surrounding neighborhoods often resist such development in suburban communities. Community leaders will have to balance the interests of the growing population of elderly with the interests of younger households who are trying to protect their lifestyles and home values.

V. Mobile Older Households

While a large majority of aging adults express their intent to stay in the same home throughout their lives, this still leaves a large number of aging households who apparently are willing to relocate. In addition, while many may intend to remain in the same home when asked, their actual behavior will be shaped by evolving financial and physical realities; some of these older adults will change their residence as they age in response to changing financial conditions, deteriorating health, or the desire to remain closer to (relocated) families or friends. The greater mobility of the adult children of these aging households will also affect their incentives to age-in-community.

Attracting wealthier and healthier footloose older adults can be “grey gold” to a community. Older migrants tend to be wealthier and healthier than the general older population. Wealthier arrivals who are healthy yield the benefits of an older population coupled with the advantage that they will likely place fewer demands on local

government services. They can more readily solve their housing and transportation problems through the private sector (assuming that the appropriate policies are in place for development of their desired housing and care facilities). Life care and continuum of care communities reduce the need for public support as their health fails. They also bring with them purchasing power and generate local service employment to satisfy their housing, transportation, and health care demands, as well as their recreational and consumption spending.

The phenomenon of “boomerang retirees” creates additional net benefits to locales that are attractive to footloose wealthy elderly households. Boomerang retirees are individuals who, after moving to an amenity-oriented location, later leave to return to their original community or move closer to family. Anecdotal evidence suggests that such moves are triggered by increasing disability or loss of a spouse. Nonetheless, boomerang households bring their desirable purchasing power to their adopted community and leave when their demand for support services rises. While possibly relevant to inter-regional moves, the boomerang phenomenon does not appear to be as important to moves within a metropolitan area.

On the other hand, there is a downside to policies designed to attract grey gold. In order to draw wealthier older adults through interstate migration, state and local governments must augment their natural amenities using policies that appeal to wealthier older migrants: innovative long-term care regulations to allow flexibility in elderly and health care, revised zoning and building codes to allow the development of communities with features desired by older adults, as well as modifying government provided recreational and transportation facilities to serve a wealthier elderly population. Oregon’s experience with these policies illustrates that they attract wealthier healthy aging adults, but they also draw a significant proportion of less wealthy and less healthy elderly (Coxe, 2003). Given the greater mobility within metropolitan areas than between states, it is reasonable to expect individual communities that attract grey gold to also attract needier elderly.

VI. Effects on Community Decision-Making

Older households prefer a different range of services than their younger counterparts. They are also widely recognized as a politically active group with well organized lobbying organizations. What does the growth of this group imply for community governance?

While public sector resources will be reallocated toward the elderly and away from other age groups, the local political process may not draw too many community resources away from existing services to support more aging-related services. First, even though the percentage of population older than 65 is rising and will continue to do so for decades, this segment is not likely to reach a political tipping point in which the interests of younger generations can be totally ignored in the local political process. Second, even where such a tipping point is attained, aging households may still support services like education and infrastructure that benefit younger households in order to preserve the value of their largest single asset—their homes. Even when they do not value these services themselves, they have an incentive to support them if the services are valued by potential purchasers of their homes (Fischel, 2001). A large body of evidence shows that failure to provide services valued by younger households reduces property values and makes houses more difficult to sell (Zahirovic-Herbert and Turnbull, forthcoming). Finally, the elderly appear to have a sense of community that reinforces altruistic political behavior, as evidenced by their high degree of civic engagement when long term residents (AARP, 2005).

Some locales use circuit-breakers, homestead exemptions, or school tax abatements for the elderly to sever the tie between older households' property taxes and services provided to younger households. Not only are these policies popular with elderly households, they also insulate political support for those services. At the same time, however, they reduce the tax bases used to support the services, shifting a greater portion of the financing burden onto non-elderly households. These types of policies can possibly polarize younger and older residents as the elderly population withdraws a growing portion of the local tax base from supporting these services. The ramifications for local government finances are addressed elsewhere (Sjoquist and Wallace, 2007).

Finally, there will be two types of older adults in the community—those who aged-in-community and those who migrated to the locale as older adults. The former are likely to exhibit greater community attachment while latter are less likely to do so. Therefore, the benefits from a growing elderly population in terms of community engagement (such as volunteerism, active in community organizations) and local political action will depend upon the source of the growth in the elderly population.

In summary, it remains to be seen how local governments will respond with age-centered services for their constituents. There will be greater demand for aging-related services, and the resources to provide additional services will have to come from somewhere. The willingness of various groups to bear the burden of financing these additional claims on community resources either through reductions in services important to them or through greater taxes and fees remains to be seen.

VII. Policy Implications

As noted earlier, the fundamental policy question today is the same as in the 1960s: how to make the housing stock better serve aging households. What is different now is the matter of scale. Nonetheless, we expect that, if allowed, the market will respond to meet the demands of the wealthier elderly, in part by suitably modifying the formal retirement community concept. It does not take much imagination to foresee private developers offering mixed generation housing with a continuum of care option for older residents, a relatively minor variation on mixed use developments that are currently an integral part of the livable community model. The more intractable questions relate to the segments of the older adult population with modest wealth.

For the destitute and low income frail or disabled elderly, *Olmstead v. L.C. et al.* (1999) establishes an obligation for governments to provide assistance within a broad community environment. In terms of assistance to frail elderly, this judicial decision requires that housing be available in mixed-age settings where reasonable. The livable community environment embodies this notion. Other policies might not satisfy this requirement.

A. Policies for Aging-in-Place

1. Remodeling existing homes

Cost is the greatest barrier to remodeling existing homes to increase functionality for elderly occupants. Accessibility features may also violate local building codes and neighborhood or condominium covenants. Finally, unscrupulous contractors and inadequate inspections can impose unanticipated costs from settling legal disputes or additional repairs.

Local governments can use building code exemptions, contractor licensing and bonding requirements, and more stringent inspections to reduce some of these costs. Nonprofit community development organizations can coordinate the resources necessary to assist low income elderly households with subsidized financing or innovative equity sharing schemes.

2. Accessible design for new homes

Uniform design policies designate and require specific features that increase home functionality for the elderly. In 1998 the United Kingdom adopted a building code requiring all new housing units to meet specific accessibility design criteria. The code requires: a level primary entry with no steps; an entry door wide enough to allow a wheelchair to pass through; similarly wide hallways; a full bathroom on entry level; raised outlets and lowered light switches; and a level or mildly sloped approach from the parking space to the entrance. One widely recognized problem with uniform design requirements like this is that they raise the cost of the entire housing stock, exacerbating housing affordability in many large urban areas. Further, it does not address existing housing stock. Accessibility features do not appeal to all home buyers, which increases the selling prices of the fixed supply of pre-code properties without the features. On the other hand, if the existing stock can be retrofitted to meet most of these criteria there is an argument against a broadly applied building code with these features, since it would be more efficient to subsidize such retrofitting for individual units occupied by elderly households than to impose these features on all.⁴

⁴ A related question for modifying existing houses is whether such modification is really efficient. In some cases, it is less costly to redesign the medical and assistance equipment required by aging adults. As an example, motorized scooters can replace wheelchairs inside houses. The scooters are designed to make the

The question is whether builders will offer these features if not required by law? Builders will offer accessible houses if there is sufficient demand. The question may be one of reliable branding of the set of features. For example, consider the EasyLiving Home^(CM) concept in Georgia.⁵

The EasyLiving Home^(CM) is a voluntary certification program that encourages builders to incorporate simple accessibility features in single family and townhomes. These features resemble the accessibility code requirements enacted in the U.K. including: at least one entranceway with no steps, wide entrances and interior doors, and a full bath (with “sufficient” maneuvering space), bedroom, kitchen and some entertainment space on the entry level floor. The first home was built in Georgia under this certification in April, 2002. Proponents estimate that the relatively minor design changes needed to be certified as an EasyLiving Home^(CM) can be accomplished in new construction at about one tenth the cost of retrofitting existing homes.⁶ The certification program is relatively new in Georgia but is already expanding into New Hampshire, Texas, and West Virginia.

This program is an example of one way that governmental and private nonprofit organizations can assist the private sector’s efforts to meet the changing housing requirements of older adults. Builder participation is voluntary. The program enhances the value of this type of housing to builders by creating a recognizable branded set of features that reduce marketing costs for conforming houses. The branding rationale follows that used to implement similar marketing of energy efficient houses.

The success or failure of programs like the EasyLiving Home^(CM) depends in a large part whether new house buyers see these features as something that will enhance their own enjoyment of the property in the long run (if they are looking that far ahead) or enhance the value to potential future buyers thereby increasing its current market value.

narrower halls, corners, etc., found in most houses easier to negotiate, and for many eliminate the need to make significant structural changes to accommodate the elderly resident.

⁵ The coalition running the program in Georgia comprises AARP of Georgia, Atlanta Regional Commission, Concrete Change, Georgia Department of Community Affairs, Governor’s Council on Developmental Disabilities, Home Builders Association of Georgia, and Statewide Independent Living Council of Georgia.

⁶ The cost estimates are based on information in www.concretechange.org/cost.htm and pertain to sites with topography amenable to the accessibility features. Not all sites are amenable.

3. Intergenerational group housing

Another policy option is to make the zoning or other regulatory changes necessary to allow elderly to take in unrelated individuals in mixed generation living arrangements. This approach must first get past neighbors who are reluctant to have a “group home” or the elderly equivalent of halfway houses nearby. Surrounding residents often fear that group homes reduce property values. While they do reduce property values, the effect is typically extremely localized (Colwell and Dehring, 2000).

Intergenerational housing can in principle meet some of the needs of aging adults. The idea is to use group homes to bring together unrelated individuals to live as a single social group emulating a family structure (Latimer, 1996; Kuehne, 1986). An elderly owner of an under-used property can then draw on the mixed age group of residents for daily help; younger residents benefit from being a member of a mutually supportive group as well as from inexpensive rent. The U.S. experience with intergenerational housing suggests that this is not going to be a popular way of making existing housing more functional for the elderly. The younger participants tended to treat the group arrangement as a way of obtaining cheap housing, regarding assigned duties and even “family” mealtimes as the cost of inexpensive accommodations. Far from stimulating a supportive intergenerational family environment, these arrangements run the risk of degenerating into a dysfunctional group, creating social stress that can end up reducing the quality of life of the elderly property owner (Folts and Muir, 2002).

B. Policies for Aging-in-Community

A livable community is structured to meet the changing demands of a household throughout all stages of its life. Livable communities have a range of housing options and accessible local services. Their configuration allows for personal independence and individual choice of community engagement and social interaction.

A community includes residents and businesses. Interactions within and among community stakeholders—residents, workers, and consumers—is affected by the physical structure of community. The stock of existing buildings, transportation infrastructure, developable land for various uses, as well as the mix of neighborhoods, together define the physical structure of a community. The physical layout of existing real estate and

infrastructure affects accessibility and privacy within and between neighborhoods in the community and so affects how well the community serves the resident, working, and consumer populations, as well as property values (Matthews and Turnbull, 2007).

This community definition emphasizes that the growing elderly population is but one part of the community—albeit an increasingly important part for many. While the discussion here focuses on the older adult population and what its growth portends for communities, the broader view must be considered. This implies that a livable community encompasses a variety of neighborhood configurations in close proximity.

Livable communities embody the notion of aging-in-community, environments that open a range of lifestyle options for older adults. In terms of physical structures, they require mixed housing density to allow households to move from low density to higher density aging-friendly neighborhoods without leaving the community. Accessibility is enhanced by walkable, mixed use development neighborhoods with nearby drug and grocery stores, restaurants, and other local services.

More problematic, the vision of livable communities includes a range of affordable housing arrangements. This is problematic because, if successful in solving the age-related housing issues within a mixed age environment, livable communities will be highly desired by a wide range of households and therefore will exhibit higher property prices and rents.

Livable communities engender greater variety of buildings, road patterns, and infrastructure than found in the low density suburban development where most urban area older adults currently live. Mixed use and mixed density developments make it easier to offer a wide variety of housing types within a relatively small geographic area. Aging households desiring or requiring a change in housing can retain important social networks (family, friends, and neighbors) if age-appropriate housing is available within the community. Major changes can be introduced by designing new development or redevelopment projects around livable community concepts. Older inner suburban communities can be greatly affected by targeted in-fill and redevelopment in this direction as well.

This livable community concept is not amendable to rural environments. Housing and service are too dispersed to provide a variety of options.

1. Creating new neighborhoods

New development (greenfield or infill) and redevelopment provide opportunities to incorporate livable community features. However, doing so requires significant changes to local zoning practices to allow mixed use developments that fully exploit existing public and mass transportation infrastructure. These changes are all the more difficult because they must be undertaken in the glare of public scrutiny, subject to the pressures of opposing interest groups fully engaged in the local political process.

It is too easy to dismiss resistance by local property owners to new development patterns as uninformed Not-In-My-Backyard mentality (NIMBYism). Increasingly, the burden will be on policy advocates to identify those options that enhance community living and those that do not. There is a legitimate basis for some NIMBYism, although not as much as uninformed property owners often assume. Local policy makers must do a better job identifying and addressing problems like increased congestion that can be solved with adequate transportation infrastructure and therefore are not really concerned with the mixed use development itself. Local policy makers must also do a better job identifying the effects of such development projects on surrounding property values in order to deal with concerns about the project itself from a basis of knowledge rather than casual empiricism. This requires a deeper understanding and appreciation for how urban real estate markets work.

2. Retirement Communities

Retirement communities draw the more mobile amenity-oriented older adults. These communities range from the formally organized development managed by an incorporated entity (such as a management company or homeowners or condominium association) to age-restricted neighborhoods with few age-related services. When surrounded by unrestricted neighborhoods, these developments allow aging households to remain in their community while moving into an environment that provides housing and support services to match their changing physical needs as they age. This type of infill development typically requires revised zoning or land use regulations to permit low-maintenance properties with smaller houses and yards or even mid- or high-rise structures. The former (smaller houses) entail a relatively minor change in zoning focus, since community-wide density restrictions might be met with neighborhood parks or

green areas, thereby preserving the character of the broader community. The latter (mid- and high-rise), however, run the risk of strong resistance from surrounding neighborhoods.

The resistance of neighboring households to infill retirement development may be greater when it follows the livable community format, and therefore exhibits features that significantly differ from the surrounding established community.

3. Naturally occurring retirement community (NORC)

Unlike formal retirement communities, these communities are not planned at the outset, but arise naturally as a particular locale yields sufficiently dense clusters of elderly over time. A NORC is defined by the ages of the residents, whether they are the result of aging-in-place or migration. Their sizes range from a single multiple-unit building to an entire neighborhood. They arise when, for example, a condominium or housing cooperative sets up a nonprofit corporation to coordinate with service providers to serve their elderly residents. The State of New York, in one case, provides legal recognition and funds this type of NORC organization as a public-private partnership. In New York City, NORC organizations also obtain funding from charities and nonprofit housing organizations.

In a slightly different vein, some of the zoning issues and infrastructure or local elderly services funding problems can be dealt with by establishing special districts. For example, Amityville, NY, has implemented a type of Senior Citizen Residence District in order to provide concentrated access to elderly-oriented services and transportation and support affordable elderly housing.

4. Retrofitting established neighborhoods

It may be necessary to change existing neighborhoods or parts of neighborhoods to incorporate some of the livable community features using small scale enclaves of mixed housing densities and mixed land uses. This, too, requires a new approach to zoning; many of the arguments applied to the development of new and infill neighborhoods apply here as well. The types of changes envisioned here will change the physical character of established neighborhoods. However, very few residents who own property find unanticipated changes in the character of their neighborhood palatable (Turnbull, 1994; Hughes and Turnbull, 1996). Fewer find changes in their immediate

neighborhood acceptable. Introducing mixed uses or densities on individual parcels in established neighborhoods is not likely to be politically feasible.

At a more modest level, mother-in-law apartments in single family houses open the opportunity for intergenerational housing on a family scale. This arrangement might also generate neighborhood resistance; when not occupied by elderly relatives, these apartments can end up occupied by unrelated renters. In covenant-protected neighborhoods in particular, residents can forestall such property modifications. In unprotected neighborhoods, zoning laws will have to be carefully sculpted to balance the potential rental spillover on surrounding property values against the community gains of more easily obtained intergenerational housing. Australia implemented “granny flats” programs to make it possible for the elderly to live in separate units proximate to their families or friends. The granny flat is a manufactured housing unit, typically of modest living area. The unit is delivered and installed in the back yard of a house and serves as a separate apartment for elderly occupants. When no longer needed, the unit is removed and refurbished for the next user.

The policy has been popular in Australia. By removing the unit after use, it avoids creating a potential open market rental unit in a single family neighborhood. Although successful in Australia, it is unlikely that the U.S. variants of private developers offering “neighborhoods” of granny flats will offer much relief to the elderly housing problem. U.S. building codes and climate differences make manufactured housing units more expensive than in Australia. In addition, socio-economic and cultural differences across these countries mean that 450-650 square foot housing units are regarded as too small for many couples or even single adults. Many standard mobile homes are larger (although not designed for elder accessibility). Further, manufactured housing units and particularly neighborhoods of the units on micro-lots evoke an image of mobile home parks. Mobile homes bear a stigma in America that they do not bear in Australia.

5. Back to the city?

The neighborhoods of central cities and the older inner suburbs in metropolitan areas offer physical environments closer to the livable community concept than the low density pattern of suburban and exurban locales. In addition, redevelopment of newer housing is often at higher densities than the original land use, making it easier to provide

mid-rise and high-rise housing without having to overcome the resistance of surrounding neighborhoods comprising single family housing.

The vision of “empty nesters and baby boomers ... trading their suburban tract homes for unconventional residences in the city” makes good headlines (ULI, 1999, p.7), but is it relevant to the mobile near-elderly and elderly? In almost every large city, downtown boosters point to the near-elderly as the next engine of central city rebirth. Although this latest “back to the city” movement has been highly visible and much publicized in the popular press, the fact is that most individuals over 50 years old wish to stay in their current homes as long as possible and most live outside core metropolitan cities.

But what about the one third of the 50-64 year olds who are not strongly attached to their current homes? Given the size of the aging cohorts, this minority represents a significant number of potentially footloose households. If the experience of the previous generation is any indicator, few of these footloose aging households who have primarily been single family homeowners in low density suburban communities will find radical changes in their lifestyles appealing (Gelwicks and Newcomer, 1974; Golant, 1984)—not the least because moving from suburban and exurban communities to the central city entails moving from areas with lower cost housing areas to some of the most expensive locations in the metropolitan area.⁷

In addition, higher income households of all ages are more sensitive to disamenities like crime (Cullen and Levitt, 1989). This makes the central city and older inner suburbs less attractive unless their local governments can meet the public safety expectations of the suburban older population.

What about the likelihood of an influx of older households into refurbished inner suburb and central city single family housing neighborhoods? These neighborhoods are often more conducive to walking and better-served by public transportation and local commercial conveniences than low density suburban communities. Nonetheless, these neighborhoods are not likely to attract a great influx of older residents. Older houses in

⁷ Developers of mixed-use projects are familiar with “boomerang units.” These are units purchased by empty-nesters coming from low density suburban neighborhoods who, after living in their new condominiums for a short period, discover that the “excitement” and “hubbub” of the surrounding retail and restaurant establishments have become “noise” and “congested traffic.” These units are back on the market in a year or less, often at reduced prices.

historic neighborhoods in the central city or inner suburbs have the same or greater functional mismatch problem as newer suburban housing. In addition, these properties are more costly than newer housing located farther out because of high land values and property taxes as well as higher maintenance costs associated with older houses.

In summary, a large number of older households will probably move from their outer suburban and exurban communities to the older inner suburbs or the central city itself. They will most likely be served by niche housing developments. Whatever their effect on the older urban communities in the interior of the metropolitan area, however, they will not approach the profound influence of the much larger cohorts remaining in their current communities farther out in the metropolitan area or in rural regions.

6. Financial products

New financial products may make it easier for elderly households to extract equity from their homes (such as reverse mortgages) to modify or maintain their property or enhance their living standards. The demand for new financial products or flexible property ownership arrangements will grow with the size of the elderly population. Georgia's recent near disaster dealing with predatory mortgage financing legislation illustrates the danger of ill-conceived regulations for new financial products and innovations in property law. The State must strike the right balance between allowing the innovations that will meet the special needs of elderly homeowners while protecting them from being exploited to their disadvantage.

VIII. Affordable Housing

The urban areas that are successfully generating higher paying jobs are the ones that are growing. In Georgia, these are also places with large elderly and near-elderly populations. Metropolitan areas pull in new residents as long as the quality of life and employment opportunities are better than in other areas that are not performing as well. Higher incomes and the growing population increase property values and rents for all real estate. In addition, when low priced, low rent housing is retired to be redeveloped as higher quality, higher priced units, the remaining low rent housing is reduced in quantity and quality. Furthermore, retiring more low rent units to redevelop them as higher

quality (and higher priced) units increases the prices and rents of the remaining low quality units. Thus, lower income households find themselves either paying more for their housing or reducing their housing consumption by taking in additional roommates.

The affordable housing problem for low income households in a growing urban area means a larger proportion of their incomes are needed for their housing. Affordable housing affects both the young and old. The elderly, however, face additional constraints that the young do not, making their housing affordability problem more difficult to solve.

The affordability problem for the general population tends to be concentrated in central cities and older inner suburbs that contain a large part of the housing stock serving low income consumers. Much of the low income housing is older, and therefore less functional for elderly residents as well as more difficult and costly to maintain. The result is that elderly households owning or renting older low income housing are caught between rising rents or property values (hence rising property taxes) and maintenance costs that keep rising as the housing unit ages.

While most of the homeowners over 50 years old have no mortgage or have small mortgage balances, more than one fifth still pay over 30 percent of their incomes for housing costs like insurance, property taxes, utilities, and maintenance (Joint Center for Housing, 2004; AARP, 2005). The affordability problem is acute for low income near-elderly and elderly households, but also significant for those with most of their wealth in the form of home equity. Low income older households in the older inner suburbs and central city can find their situations exacerbated by rising property taxes and maintenance costs. At the same time, the redevelopment of neighborhoods containing low income housing with larger homes or multi-unit buildings changes the neighborhood character, possibly reducing the support network of friends and family as they move out, and thus reducing neighborhood attachment and quality of life for the elderly who remain aging-in-place.

Low income housing development subsidies and housing certificates or vouchers that apply to younger households can also assist elderly renters. For owners, however, the two major existing affordability policies tend to be geared toward younger households: financial programs targeting first-time buyers and mortgage deductibility for income taxes (which only has value if the owner has a mortgage and sufficient income to be

taxed). Other programs help upgrade property to improve energy efficiency as well as direct energy assistance. Similar programs subsidize repairs and maintenance for elderly low income homeowners. For older inner suburban and central city communities, the danger is that the rising demand for these programs may outstrip the resources of organizations currently involved in them.

Finally, we find ourselves back at a point made earlier, that advocates for elderly housing and policy makers must become more knowledgeable about how real estate markets work, if only to avoid unintended secondary effects of well-meant policies. For example, growth control policies enacted to regulate sprawl increase the prices of new and existing housing units, further reducing the availability of less expensive housing serving the low income population of the urban area (Turnbull, 2004; Downs, 2004). Communities need to exercise care that policies undertaken to meet the challenges of the elderly do not unduly exacerbate the affordability problem confronting many young and elderly households.

IX. Conclusion

The demographic tidal wave known as the baby boomer generation is now entering its retirement years. Our existing housing stock, transportation systems, and health care delivery systems are not set up to accommodate the changing needs of this group as it ages. Where they will live and how they will live are questions tied to how they will satisfy their primary housing concerns. The current homes and neighborhoods of aging adults may serve them poorly as they age. Policymakers must focus on what communities can do to anticipate policy changes that will need to be made.

The perspective offered here emphasizes that the best communities can do is to open a range of lifestyle options for older adults. The individuals themselves will decide which options best suit their needs. While there will be a large number of migrating elderly, an overwhelming majority of near-elderly and elderly households wish to age-in-place. Relevant policies must face this fact.

Georgia is not different from the rest of the U.S. in that suburban, exurban, and rural communities will remain home to most of its aging population. Unfortunately, the housing stock and neighborhood configurations in these locales are not conducive to a growing population of older adults aging-in-place. Communities will have to address these issues if they wish to successfully remake themselves into livable communities that will do a better job meeting the evolving needs of this population. The question is how to make the transition to communities with mixed densities and uses, that are pedestrian-friendly, and that have transportation systems supporting a wider range of point-to-point travel by the elderly, while still meeting the needs of younger households.

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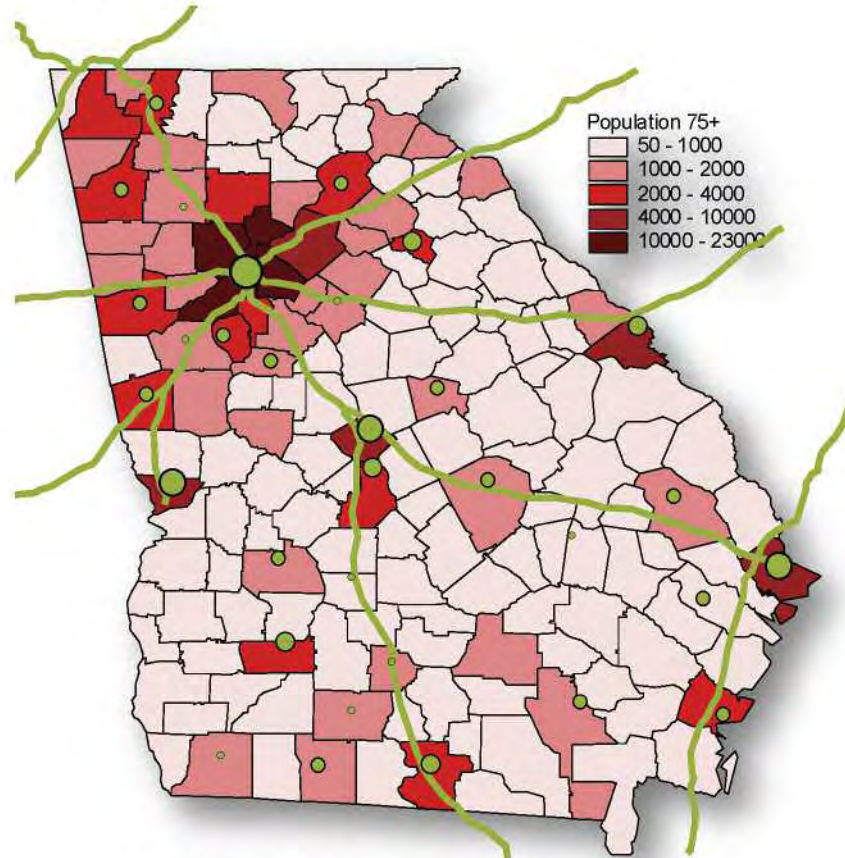
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APPENDIX

Table 1:
Counties with Largest Elderly and Near Elderly Populations: 2000

	55-64		65-74		75+
Fulton	28,155	Fulton	25,147	Fulton	19,537
DeKalb	24,107	DeKalb	18,311	DeKalb	10,911
Cobb	17,331	Cobb	11,614	Chatham	6,999
Chatham	11,007	Chatham	11,422	Cobb	5,846
Gwinnett	10,587	Muscogee	8,031	Bibb	5,022
Muscogee	9,463	Bibb	7,795	Muscogee	4,825
Richmond	9,250	Richmond	7,760	Richmond	4,612
Bibb	7,997	Gwinnett	6,267	Floyd	3,323
Clayton	7,151	Clayton	4,439	Gwinnett	3,256
Dougherty	4,746	Floyd	4,308	Hall	2,525
Hall	4,703	Hall	4,062	Dougherty	2,321
Houston	4,588	Dougherty	4,037	Glynn	2,228
Floyd	4,564	Glynn	3,606	Clarke	2,075
Whitfield	3,751	Houston	3,223	Walker	2,035
Glynn	3,412	Walker	3,061	Troup	1,974
Walker	3,353	Lowndes	2,955	Clayton	1,944
Lowndes	3,242	Troup	2,937	Carroll	1,883
Carroll	3,209	Carroll	2,917	Lowndes	1,866
Clarke	3,122	Clarke	2,882	Whitfield	1,788
Cherokee	3,051	Whitfield	2,855	Spalding	1,739
Bartow	2,783	Cherokee	2,491	Thomas	1,528
Henry	2,762	Spalding	2,471	Coweta	1,487
Troup	2,756	Bartow	2,219	Colquitt	1,478
Douglas	2,755	Ware	2,209	Polk	1,433
Spalding	2,737	Laurens	2,191	Bartow	1,423
Coweta	2,489	Coweta	2,156	Cherokee	1,415
Fayette	2,452	Thomas	2,022	Ware	1,383
Columbia	2,445	Colquitt	2,000	Laurens	1,289
Rockdale	2,330	Douglas	1,874	Catoosa	1,264
Catoosa	2,289	Henry	1,817	Bulloch	1,261
Thomas	2,124	Polk	1,811	Walton	1,199
Newton	2,062	Fayette	1,800	Houston	1,190
Laurens	2,060	Catoosa	1,778	Upton	1,167

Figure 1



2000 Population
Age 75 +

Figure 2

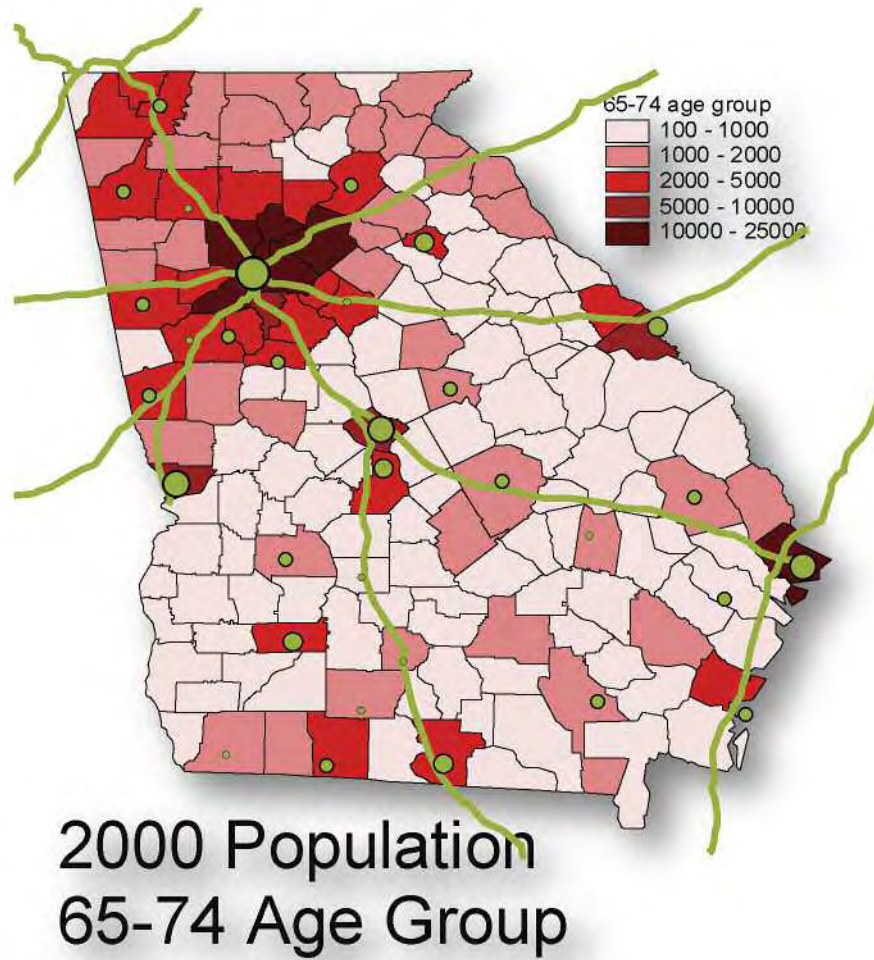
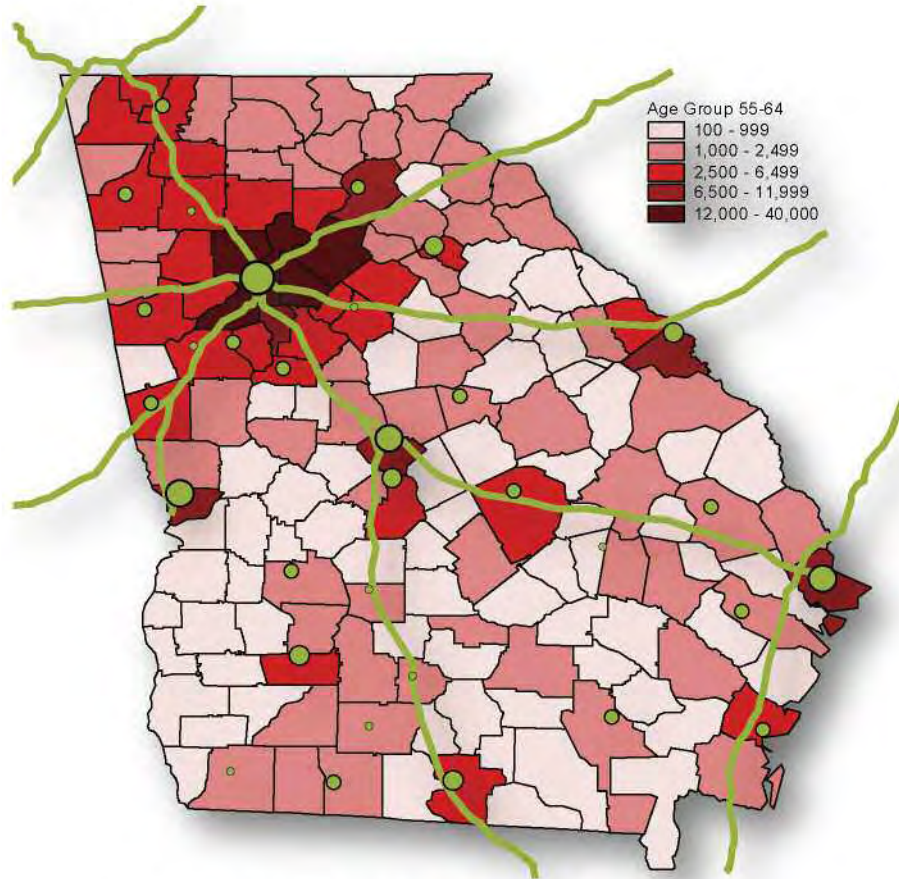
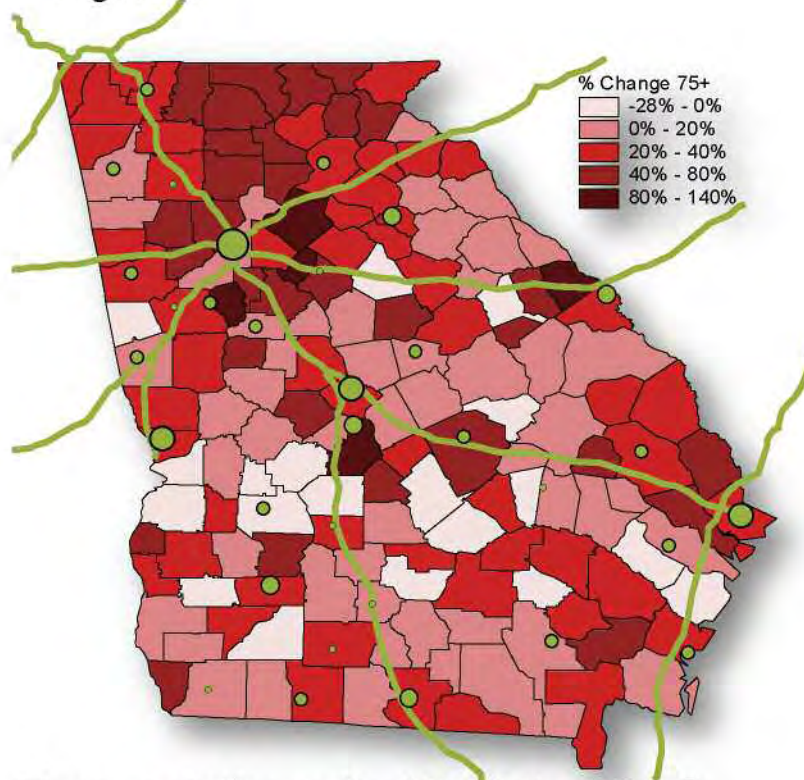


Figure 3



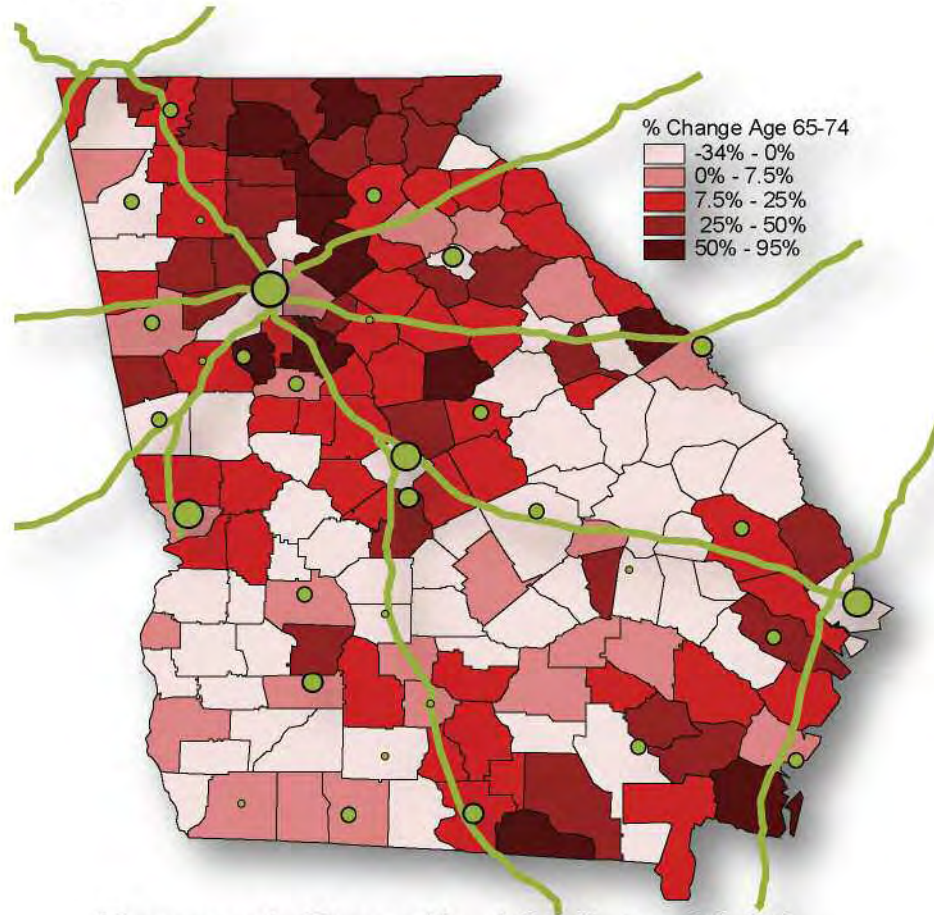
2000 Population
55-64 Age Group

Figure 4



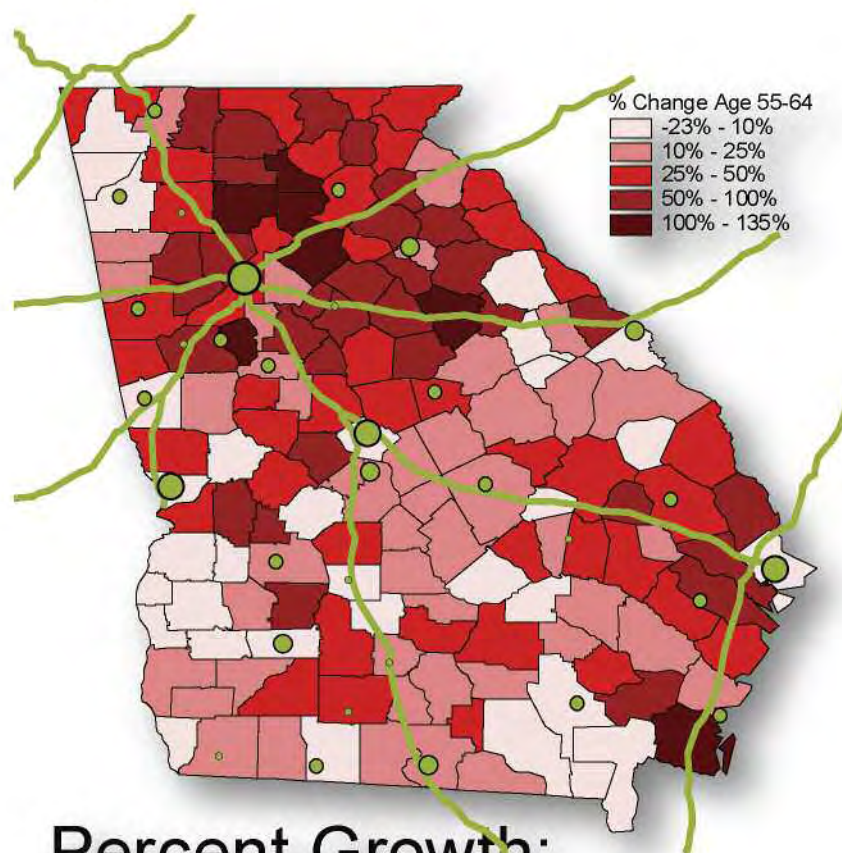
Percent Growth 1990 to 2000
75 + Year Old Age Group

Figure 5



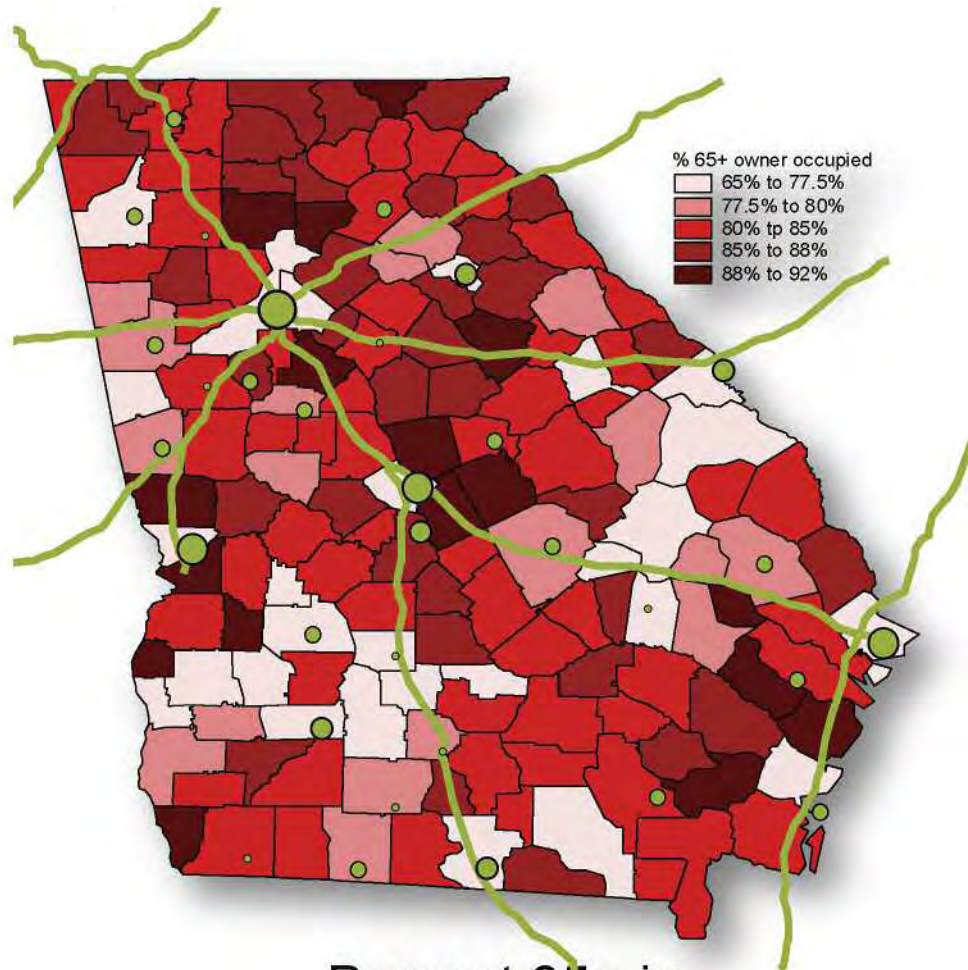
Percent Growth 1990 to 2000
65 to 74 Year Old Age Group

Figure 6



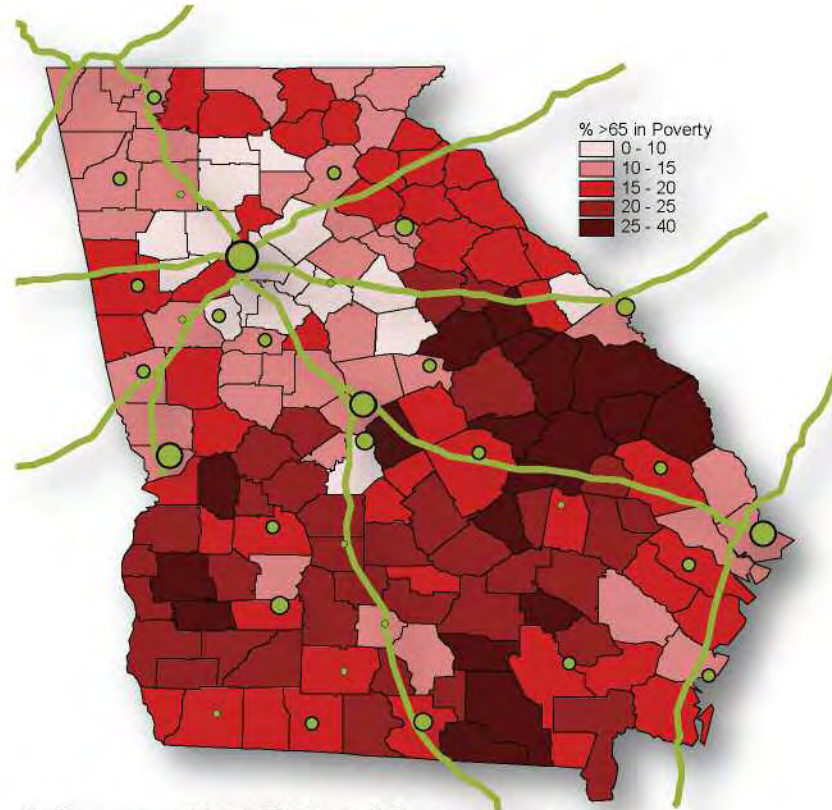
Percent Growth:
1990 to 2000
55-64 Age Group

Figure 7



Percent 65+ in
Owner Occupied Housing

Figure 8



**Year 2000: Percent
Over 65 in Poverty**

Long-term Care: A National Perspective and Implications for Georgia

by

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Georgia's Aging Population: What to Expect and How to Cope

September 26, 2007

I. Executive Summary

The aging “Baby Boomer” generation will be the most significant factor increasing the demand for long-term care services over the next half century [1]. Tomorrow’s elderly (those age 60 and above) will have very different social, demographic, health, and economic characteristics than today’s elderly [2]. Creating a “senior tsunami” beginning in 2011, this group will be more highly educated and exhibit more household diversity than previous generations entering traditional retirement age. The sheer size and inevitable aging of the Baby-Boom generation will continue to drive public policy debate [2], and the disabled older population will grow faster than the younger population, likely raising the economic burden of long-term care [3].

The elderly population is expected to grow from 35 million in 2000 to more than 80 million in 2050, with the largest growth among the “oldest-old” (people age 85 and older), who are disabled at the highest rates [4]. By 2050, the oldest-old will be nearly five percent of the total population, compared to just over one percent in 1994 [2]. According to calculations by the U.S. Bureau of the Census, the elderly population in Georgia will increase 143 percent between 2000 and 2030 versus a total population increase in Georgia of 46.8 percent.¹ This compares with national growth for the same age group of 104.2 percent over the same period. In fact, Georgia is among the top ten states expected to experience greater than average growth in the elderly population between 2000 and 2030. Georgia’s aging population will be spread throughout the state, but concentrations will be greatest in suburban and rural areas, with the exception of the Savannah metropolitan area [5].

State-level elder disability projections are sparse and imprecise. One report estimates that while the percent of elderly individuals with disabilities in Georgia will remain fairly constant through 2025, the growth of elderly residents will double the number of people over 65 with disabilities [5]. This, in turn, will drive the need for and cost of long-term care services.

If decreases in the rates of disability continue, an increase in the retirement age may be the result, and the projected increase in medical spending will be moderated but not eliminated [6]. According to tabulations by Thomson Healthcare, the cost of Medicaid supported long-term care in Georgia grew 82 percent between FY2000 and FY2005 from \$4,255,427,057 to

¹ U.S. Census Bureau, Population Division, Interim State Population Projections, 2005.

\$7,736,524,326 [7]. Studies are quite mixed as to whether or not community care actually saves money over institutionally based care [8]. In fact, increases in community care use are largely driven by the Supreme Court's 1999 Olmstead Decision and by public preference rather than by proof of cost-effectiveness. Still, the 2006 average daily cost of nursing facility care in Georgia was \$135 (\$160 in Atlanta) - \$49,275 per year. This compares with a national average of \$194 per day and \$70,810 per year.² Long-term care insurance has been promoted as one way to help pay for the increasing cost of care. However, long-term care insurance still plays only a limited role in long-term care financing.

Even if society finds a way to finance all the long-term care services the population needs, there remains the problem of an available workforce to provide direct care. The growth in the number of elderly likely will lead to a precipitous drop in the number of workers per older adult and an even larger decrease in the ratio of workers to frail older adults if current working and retirement patterns do not change [4]. In 2001, a Georgia taskforce released a report³ declaring that the health care workforce in Georgia was in a state of "Code Blue." Policies and programs that support the creation of a career ladder for long-term care paraprofessionals may help increase future long-term care worker supply.

Approximately 9.5 million people currently need long-term care. While the need for long-term care is independent of age, 63 percent of people with long-term care needs are elderly, and the majority of the elderly population needing long-term care is age 85 or older [9]. According to a 2005 study of five states supported by the Commonwealth Fund, Georgia has the lowest percentage of dual eligibles⁴ needing help with ADLs who receive paid assistance at home (31 percent) and the highest proportion with unmet need (65 percent) [10].

The U.S. Supreme Court's 1999 Olmstead Decision was a landmark human rights ruling in that it put states on notice that unnecessary segregation of individuals with disabilities is a violation of the Americans with Disabilities Act of 1990 [11]. Although the Olmstead case specifically addressed individuals with developmental disabilities, the reach of the decision includes individuals with any disability, including the elderly, and national and state policy has responded in order to be in compliance with the spirit and letter of the decision. The initiatives

² <http://www.aarp.org/bulletin/longterm/Articles/a2003-10-30-dailycost.html> retrieved from the World Wide Web July 25, 2007.

³ http://www.communityhealth.state.ga.us/departments/dch/v4/top/shared/con_dhp/dhp_publications/healthcare_workforce_final.pdf; retrieved from the World Wide Web August 13, 2007.

⁴ Dual eligibles are those eligible for both Medicare and Medicaid services.

include Real Choice Systems Change Grants, the New Freedom Initiative, support for consumer direction, the Cash and Counseling Demonstration, the Money Follows the Person Rebalancing Demonstration, and the Aging and Disability Resource Center initiative.

Dr. Paul Hodge may have said it best when he concluded to the White House Conference on Aging Policy Committee in 2004:

While many experts, pundits, and the press have made predictions about how the aging of the Baby Boomers will affect the United States, in actuality, no one really knows with any certainty what will happen. What is clear is that the policy implications and ramifications are unprecedented in history. America's aging will transform politics, retirement systems, health care systems, welfare systems, and labor markets. It will force a re-thinking of social mores and prejudices, from issues of age/gender discrimination in the job market to end-of-life care. Whether that transformation is positive or negative will depend on planning and preparation that must begin today [12].

II. Introduction

The aging “Baby Boomer” generation will be the most significant factor increasing the demand for long-term care services over the next half century [1]. Tomorrow’s elderly (those age 60 and above) will have very different social, demographic, health, and economic characteristics than today’s elderly [2]. Creating a “senior tsunami” beginning in 2011, this group will be more highly educated and exhibit more household diversity than previous generations entering traditional retirement age. The sheer size and inevitable aging of the Baby Boom generation will continue to drive public policy debate [2], and the disabled older population will grow faster than the younger population, likely increasing the economic burden of long-term care [3]. This paper explores the national literature to identify the probable impact of the aging population on long-term care at both the national and state levels. It then describes the long-term care needs of the aging population and highlights findings from a 2006 statewide survey designed to help Georgia prepare for the population’s aging. Finally, the paper describes service delivery models currently in use at the national and state levels to serve the growing aging population.

III. The Impact of an Aging Population

A. Population Growth

The elderly population is expected to grow from 35 million in 2000 to more than 80 million in 2050, with the largest growth among the “oldest-old” (people age 85 and older), who are disabled at the highest rates [4]. By 2050, the oldest-old will be nearly five percent of the total population, compared to just over one percent in 1994 [2]. In states where senior populations will grow fastest over the next 35 years, “aging in place” rather than migration will drive this growth. In Georgia, for example, the senior population will increase by more than 40 percent from 2010 to 2020 due to the aging of existing residents versus less than three percent due to migration [13].

Georgia, overall, is a relatively young state, largely due to the Atlanta urban core and its attractiveness as an employment, education, and arts magnet. However, according to

calculations by the U.S. Bureau of the Census, the elderly population in Georgia will increase 143 percent between 2000 and 2030 versus a total population increase in Georgia of 46.8 percent.⁵ This compares with national growth for the same age group of 104.2 percent over the same period. In fact, Georgia is among the top ten states expected to experience greater than average growth in the elderly population between 2000 and 2030. Paralleling national trends, Georgia's 85 and older age group will grow the fastest. Georgia's aging population will be spread throughout the state, but concentrations will be greatest in suburban and rural areas, with the exception of the Savannah metropolitan area, which will also see higher concentrations of elderly than the state average [5].

Estimates by Georgia State University's Fiscal Research Center show that between 1995 and 2000, Georgia attracted more elderly residents than it lost, perhaps due to generous income tax exemptions [14]. The greatest gains were in the oldest-old population group – those over age 85. Additionally, Furthermore, Georgia is “growing” a significant portion of its own elderly at an even higher rate than those migrating into the state. These trends will have important implications for the delivery of long-term care services in Georgia over the next few decades.

B. Growth in Disability Rates

Long-term care services are required as the result of a chronic condition, disability, or cognitive impairment [15]. Nationally, the number of elders using either nursing facilities, alternative residential care, or home care services is expected to increase from 15 million in 2000 to 27 million in 2050 [1]. Between 2000 and 2040, the share of disabled older adults receiving paid help will increase from about 22 to 26 percent, while the share receiving unpaid help will fall from about 28 to 24 percent [3]. This is significant, as the Rosalynn Carter Institute for Caregiving in Americus Georgia reports that more than 50 million family caregivers provide the greatest share of care for dependent elders as well as adults and children with disabilities and chronic illness.⁶

Model-based simulations performed by the Urban Institute show that even under the most optimistic scenario, the long-term care burden on family caregivers and institutions will increase substantially [3]. The Institute's intermediate disability growth model shows that disability rates

⁵ U.S. Census Bureau, Population Division, Interim State Population Projections, 2005.

⁶ <http://www.rci.gsw.edu/>; retrieved from the World Wide Web August 13, 2007.

at ages 65 and older will decline by a few percentage points between 2000 and 2020 but then rise through 2040 as the oldest Boomers reach their 80s. Between 2000 and 2040, the numbers of older adults with disabilities will more than double. Even in the most optimistic model, assuming that disability rates fall by one percent per year, the size of the disabled older population will grow by more than 50 percent between 2000 and 2040, and the ratio of disabled older adults to younger adults (ages 25 to 64) will increase [6].

State level elder disability projections are sparse and imprecise. According to the Census Bureau's Behavioral Risk Factor Surveillance Survey (BRFSS), Georgia's overall rate of disability (both young and old) as of 2003 was 18.3 percent – about in the middle of the rankings of states and less than the national average – again most likely due to Georgia's relatively young population. One report estimates that while the percent of elderly individuals with disabilities in Georgia will remain fairly constant through 2025, the growth of elderly residents will double the number of people over 65 with disability [5]. This, in turn, will drive the need for and cost of long-term care services.

C. Growth in Expenditures for Long-term Care Services

If decreases in rates of disability continue, an increase in the retirement age may be the result, and the projected increase in medical spending will be moderated but not eliminated [6]. The Congressional Budget Office estimates that total expenditures (public and private) on long-term care were more than \$120 billion in 2000 and suggest total long-term care expenditures will increase at a rate of 2.6 percent per year above inflation to \$154 billion in 2010, \$195 billion in 2020, and \$270 billion in 2030 [4]. The aging population is projected to increase total health care spending to 15.5 percent of Gross Domestic Product as soon as 2010 [16]. How those funds are allocated will likely mirror the distribution of health care dollars today: the most affluent elderly will receive adequate long-term care (although they may not receive the type of long-term care they want or need), while the less affluent will depend on the public programs [17].

Only 17 percent of individuals with long-term care needs seek assistance in nursing home facilities while the rest of the population obtains informal help in their respective communities [9]. A significant proportion of long-term care is provided on an informal basis by family and friends or paid for out-of-pocket because Medicaid does not pay for most *informal* long-term care services [18]. Custodial nursing home and personal care were considered “social” rather

than “medical” services by the authors of early health insurance plans, and this perspective was adopted by the designers of Medicare when it was created in the 1960’s [19]. Thus, long-term care developed in an environment where the Medicare program did not provide long-term care benefits, and, with the exception of Medicaid, the medical model, not the supportive care model, has been adopted by most other third-party payers. While some people are dually covered by Medicaid and Medicare, 58 percent of people needing long-term care report unmet needs and experience serious consequences as a result [10].

Knickman and Snell suggest that the economic burden of meeting the long-term care needs of Baby Boomers will be eased if social and public policy changes are made sooner rather than later. They suggest: (1) making sure payment and insurance systems for long-term care are developed that work better than existing ones, (2) taking advantage of advances in medicine and behavioral health to keep the elderly as healthy and active as possible, (3) making community services more accessible, and (4) altering the cultural view of aging to make sure all ages are integrated into the fabric of community life [4].

According to tabulations by Thomson Healthcare, the cost of Medicaid supported long-term care in Georgia grew 82 percent between FY2000 and FY2005 from \$4,255,427,057 to \$7,736,524,326 [7]. Over the same period, the cost of Georgia’s home and community-based 1115 Medicaid waivers grew by an annual compound rate of 17.6 percent, while the U.S. rate was 12.2 percent [20]. Georgia, in a sense, has been playing catch-up with the rest of the nation in expanding access to community-based care, as in FY2005 it ranked 49th out of 51 states and the District of Columbia in the ratio of Medicaid long-term care dollars it distributed to community based services versus institutional services. The national average was 37.2 percent of Medicaid long-term care dollars allocated to community-based services, while the median was 36.7 percent, and the Georgia ratio was 22.7 percent. Nineteen states allocated more than 40 percent of Medicaid long-term care dollars to community-based services, and eight states allocated more than 50 percent [21].

Studies are quite mixed as to whether or not community care actually saves money [8]. In fact, the increase in community care use is largely driven by the Supreme Court’s 1999 Olmstead Decision and by public preference rather than by proof of cost-effectiveness. Still, the

2006 average daily cost of nursing facility care in Georgia was \$135 (\$160 in Atlanta) - \$49,275 per year. This compares with a national average of \$194 per day and \$70,810 per year⁷.

There is widespread support from older adults for policies that would help them save for their future health and long-term care costs not covered by Medicare and also allow them to buy into Medicare before age 65 [22]. Long-term care insurance has been promoted as one way to help pay for the increasing cost of care. As recently as the Deficit Reduction Act of 2005, the federal government has promoted the purchase of long-term care insurance policies through a partnership with the Medicaid program – the Long-term Care Partnership program. However, long-term care insurance still plays a limited role in long-term care financing. The largest number of policies sold in a single year since the market was first analyzed (1987) was in 2002 when 104 companies sold more than 900,000 policies. There were 9.16 million policies sold from the inception of the market through the end of 2002, and the market grew an average of 18 percent per year between 1987 and 2002. However, purchasers of long-term care policies do not resemble their peers. They tend to be wealthier, younger, married, and college educated [23, 24]. In fact, an analysis of the federally-supported Long-term Care Partnership pilot shows that the program has not attracted large numbers of new purchasers [25].

In a 2006 survey⁸ of Georgians over age 55 [26], 48 percent said they expect their income to be less than 300 percent of the federal poverty level. Only 16 percent of respondents said they have long-term care insurance, and only 18 percent more said they plan to have it in the future. At the same time, 66 percent said they have or plan to have supplemental health insurance. Respondents did indicate they have assets that could potentially contribute to the cost of long-term care. Sixty-percent said they already have or plan to have a pension, 82 percent said they already have or plan to have life insurance, and 69 percent said they already have or plan to have retirement savings or investments. Perhaps the greatest untapped potential for support of future long-term care needs is reverse mortgages. Only four respondents said they have a reverse mortgage, and only three percent said they plan to have one in the future. State policies that encourage individuals to liquidate their assets to support long-term care services might reduce the state's overall financial burden as the population ages.

⁷ <http://www.aarp.org/bulletin/longterm/Articles/a2003-10-30-dailycost.html> retrieved from the World Wide Web July 25, 2007.

⁸ http://aysps.gsu.edu/ghpc/long_term_care/reports/Final%20Aging%20Report%202-2-07_1.pdf; retrieved from the World Wide Web August 13, 2007.

D. Long-term Care Workforce Growth

Even if society finds a way to finance all the long-term care services the population needs, there remains the problem of an available workforce to provide direct care. The growth in the number of elderly likely will lead to a precipitous drop in the number of workers per older adult and an even larger decrease in the ratio of workers-to-frail older adult if current working and retirement patterns do not change [4]. According to estimates developed by Health and Human Services' Office of the Assistant Secretary for Planning and Evaluation, after 2010 the demand for direct care workers in long-term care settings becomes great. Projections show that in 2040 there will be only about nine younger adults to support each disabled older adult, down from about 15 younger adults in 2000 [3]. The increase in worker demand will occur at a time when the supply of workers who have traditionally filled these jobs is expected to increase only slightly.

The Bureau of Labor Statistics estimates that by 2010, direct care worker jobs in long-term care settings should grow by about 45 percent from the year 2000. Paraprofessional long-term care employment will account for eight percent of the estimated increase in the nation's jobs for workers in occupations generally requiring only short-term on-the-job training. Since many industries will be competing for the same supply of workers, pay and working conditions will play a key role in attracting new workers and consequently influencing the supply of long-term care services [1].

In 2001, a Georgia taskforce released a report⁹ declaring that the health care workforce in Georgia was in a state of "Code Blue." The report cited FY2000 nursing facility staff vacancy rates of between 12.6 percent for Certified Nurse Assistants and 15.4 percent for Registered Nurses [27]. The report also highlighted the problem of the workforce itself aging. The majority of Georgia's nurses are over age 40, and less than 10 percent are under age 30. Contributing to the decline in health care workforce, the report cites stagnant inflation adjusted wages.

One effort to help increase the supply of long-term care service workers in Georgia is a project of the Better Jobs Better Care Program¹⁰ supported by the Robert Wood Johnson Foundation and the Atlantic Philanthropies. The project expanded in Georgia in 2005 to help

⁹ http://www.communityhealth.state.ga.us/departments/dch/v4/top/shared/con_dhp/dhp_publications/healthcare_workforce_final.pdf; retrieved from the World Wide Web August 13, 2007.

¹⁰ <http://www.bjbc.org/content/docs/BJBCIssueBriefNo6.pdf>; retrieved from the World Wide Web August 13, 2007.

incumbent and newly hired workers enter and advance in health care careers through education and training programs that result in apprenticeship certification by the U.S. Department of Labor [28]. Additional policies and programs that support the creation of a career ladder for long-term care paraprofessionals may help increase future long-term care worker supply.

IV. The Needs of an Aging Population

One of the obstacles that the growing number of people living with chronic illnesses face is medical care that does not meet their needs for effective clinical management, psychological support, and information [29]. People who require long-term care services need ongoing personal assistance with activities that are essential to everyday life [9]. These needs are divided into two general categories: 1) Activities of Daily Living (ADLs) which include activities such as eating, bathing, and dressing, and 2) Instrumental Activities of Daily Living (IADLs) which include activities such as money management, housework, and shopping [2, 9, 30].

Approximately 9.5 million people currently need long-term care, and while the need for long-term care is independent of age, 63 percent of people with long-term care needs are elderly, and the majority of the elderly population needing long-term care is age 85 or older [9]. On average, older adults have high rates of chronic disease [22]: almost 38 percent of people aged 65 and over are diagnosed with a severe disability, and 47 percent of those aged 85 and older have Alzheimer's disease or other forms of dementia [15].

People with chronic illnesses, disabilities, and functional limitations are likely to be the greatest users of medical and supportive care services, but are often forced to navigate a system that is not organized around their needs and requires them, their families, and caregivers to perform most of the coordination functions themselves [19]. The primary reason for the growing number of people needing long-term care services not having care that meets their needs may be the mismatch between their needs and care delivery systems largely designed for acute illness [29]. Some suggest the changes needed to help older consumers get what they want include empowering older persons and their agents to make better decisions, including providing them with more structure and better consumer information, revising attitudes toward safety and protection, and developing more vigorous advocacy by and for seniors [31]. Advocacy by others

on behalf of the elderly may be critically important in light of high rates of dementia in the over 85 population.

According to a 2005 study of five states supported by the Commonwealth Fund, Georgia has the lowest percentage of dual eligibles¹¹ needing help with ADLs who receive paid assistance at home (31 percent) and the highest proportion with unmet need (65 percent) [10]. Conversely, a survey of Georgians over age 55 report that the majority believe they are either healthier than or as healthy as their peers [26]. When respondents were asked what they believed they needed to maintain or improve their health and wellness in the future, 29 percent said a better diet and exercise, recognizing the contribution of the individual toward health outcomes. Eighteen percent said better access to regular health care. These Georgians appear to be on two ends of a spectrum: those who need help but are not receiving it and those who perceive themselves to be quite healthy.

The same survey respondents highlighted the fact that they may need assistance not only for their own health but also for the health of those for whom they care. Twenty percent said they care for an individual over age 65, and 12 percent said they care for other adults or children – some with disabilities. More than 20 percent said they need financial assistance to continue providing the current level of care to their loved one, and 18 percent said they need in-home help.

When all respondents were asked to think about what they might need in the future for their own long-term care needs, almost 20 percent did not know what they might need, which may support the belief that most do not plan in advance for their future long-term care needs. Sixteen percent again mentioned in-home care, and other answers included access to regular medical care, access to transportation, government benefits, meals, and prescription drug assistance.

¹¹ Dual eligibles are those eligible for both Medicare and Medicaid services.

V. Service Delivery Models for an Aging Population

A. The Olmstead Decision and State Responses

The U.S. Supreme Court's 1999 Olmstead Decision was a landmark human rights ruling in that it put states on notice that unnecessary segregation of individuals with disabilities is a violation of the Americans with Disabilities Act of 1990 [11]. Although the Olmstead case specifically addressed individuals with developmental disabilities, the reach of the decision includes individuals with any disability, including the elderly, and national and state policy has responded in order to be in compliance with the spirit and letter of the decision. The initiatives include Real Choice Systems Change Grants, the New Freedom Initiative, support for consumer direction, the Cash and Counseling Demonstration, the Money Follows the Person Rebalancing Demonstration, and the Aging and Disability Resource Center initiative.

After the Olmstead Decision, 42 states and the District of Columbia formed task forces, commissions, or state agency work groups to review their long-term care programs, with 11 states releasing their plans and reports in 2002. Arkansas, Washington, Hawaii, and Utah were among the first states to release comprehensive plans to alter the delivery of institutionally based services. The plans included such components as providing additional funds for the Medicaid home and community-based services (HCBS) developmental disabilities waiver program; allowing funds for nursing home residents to be transferred to community care services if a resident relocates to a community setting; issuing recommendations on implementation of self-directed services and on the respective roles of residential habilitation centers; informing and educating consumers about long-term care choices; supporting individuals in finding appropriate places to live; and assuring adequate housing, transportation, and employment for people with disabilities [32].

Georgia formed an Olmstead Planning Committee in 2000 and finalized recommendations by November 2001. In June 2002, Governor Roy Barnes issued an Executive Order and charged the Council on Aging, the Governor's Council on Developmental Disabilities, the Long-term Care Advisory Committee for the Department of Community Health, and the Governor's Advisory Council on Mental Health, Mental Retardation, and Substance Abuse with ongoing review and reporting responsibilities on the state's compliance with Olmstead requirements. Specific to the aging population, the following was accomplished between 2000 and 2002:

- **Community-based services** - Georgia increased the number of consumers served by home and community-based waivers.
- **Increased length of stay in community services** - Overall, the length of time individuals receive Community Care Services Program (CCSP) services increased from 34 months to 39 months. Those who eventually move into nursing homes (38 percent of CCSP recipients) are able to stay at home and (on average) delay moving from their own home for five additional months. [33]

Georgia's Olmstead Strategic Plan¹² outlines six goals related to moving the state forward in its long-term care planning:

1. Create a practical structure for implementation of a plan which draws on the advice of the Olmstead Planning Committee report.
2. Identify areas for improvement in the delivery of community-integrated services and supports for people with disabilities and the aging population.
3. Ensure that consumers, family members, and other stakeholders are involved in the ongoing process for improving community-integrated services.
4. Establish sustainable State processes for identification, assessment and planning for qualified individuals.
5. Continue the process for annual budget planning to support agency operational plans related to the Olmstead Working Plan.
6. Set the strategic direction for state agency operational strategies to address the plan.

The U.S. Department of Health and Human Services' (HHS) response to the Olmstead Decision was to adopt in 2000 a long-term care Systems Change Framework which reforms the access, services, financing, and quality of home and community-based services. Using the HHS long-term care Systems Change Framework as a guide, Oregon, South Carolina, Vermont, Wisconsin, and others have piloted promising practices in long-term care reform that may guide other states to carefully and systematically plan programs that expand consumer choice, strengthen collaborative efforts, and keep the consumer at the core of the program development [34].

¹² http://dch.georgia.gov/vgn/images/portal/cit_1210/45/13/31848286olmstead_plan.pdf; retrieved from the World Wide Web August 13, 2007.

B. Georgia's Real Choice Systems Change Grant

Georgia received a total of \$4,169,000 under the Real Choice System Change Grant to support Nursing Facility Transition, the Independence Plus Initiative, Quality Assurance and Quality Improvement in Home and Community Based Services, and housing transition programs and initiatives [35].

A stakeholder group including consumers, family members, representatives from state organizations, service providers, and advocacy groups defined the goals of Georgia's Real Choice Systems Change Grant as follows:

- Address system barriers to integrated community living,
- Develop an ongoing mechanism for consumer involvement in all aspects of the integrated community service delivery system for elderly people and people with disabilities,
- Develop a process for effective communication and collaboration to enhance planning and implementation of integrated community services system changes, and
- Ensure an accessible, integrated community service system for elderly people and people with disabilities.

Georgia's overall intent is to facilitate the design and implementation of effective and enduring improvements in the state's community long-term care systems. These improvements are to enable individuals of all ages with disabilities or long-term illnesses to participate in their communities [36].

C. The New Freedom Initiative

In 2001, the Bush administration created the New Freedom Initiative, a multi-agency effort to improve access to community living and the economic status of persons with disabilities in order to implement the Olmstead ruling. He followed that with an executive order - *Community-Based Alternatives for Individuals with Disabilities* - which directed several federal agencies to work with states to comply with the Olmstead Decision and the Americans with Disabilities Act [11].

As part of the New Freedom Initiative, the Department of Health and Human Services made a policy clarification that permitted HCBS waiver programs to cover one-time costs such

as security deposits on apartments and utility set-up fees for people who are transitioning from institutions to community living arrangements. This move was important, as one of the most critical links in transitioning individuals from institutions to community care is affordable and supportive housing. From 1999 to 2002, the number of participants in HCBS waiver programs grew by more than 25 percent nationally [37].

D. Consumer Direction

Consumer direction in long-term care is based on the premise that individuals with long-term care needs should have primary control over who, what, when, where, and how the services are delivered [38]. The past 15 years have produced a wave of new state programs that have introduced consumer direction into home-based services for elderly persons and those living with disabilities. Building upon earlier models developed for younger adults with physical disabilities, consumer-directed models are now being adapted to recipients of all ages with federal, state, and foundation support. These models shift responsibility for key service decisions from professionals to recipients and challenge the traditional home care agency model [39]. The delivery and financing models within which the consumer is empowered to control the details of the service plan raises many new legal concerns about the respective rights and responsibilities of the parties to those relationships. The most relevant of these issues are quality assurance, consumer's rights, and worker's interest [40]. Elderly recipients of home-based care may be challenged by high rates of dementia and rely more on family members and caregivers to assist in the control of the service plan.

E. The Cash and Counseling Demonstration

Cash payments – a disability approach – rather than payments for a defined set of services – a health insurance approach – is a valuable contribution to the long-term care policy debate [41]. The federal Cash and Counseling Demonstration and Evaluation (CCDE) was designed as an experiment to shift the paradigm in HCBS long-term care from a professional/bureaucratic model of service delivery to one emphasizing consumer choice and control. The CCDE also inspired changes in Medicaid law and policy, including sections of the Deficit Reduction Act of 2005 intended to promote consumer-direction in Medicaid [42]. The basic Cash and Counseling model appears adaptable to different state environments and

populations (73 percent of enrollees in the Arkansas demonstration were elderly). The Cash and Counseling approach is not for everyone, but it is a choice many participants desire [43].

Findings from the Arkansas Cash and Counseling Demonstration suggest that relative to agency-directed services, giving consumers control over their personal care greatly increases their satisfaction, reduces most unmet needs, and does not adversely affect participants' health and safety [44]. The consumer-directed cash option is positively associated with age, experience hiring and supervising workers, more severe levels of disability, having a live-in caregiver, and minority status [45]. Cash and Counseling can lessen some of the burden associated with caring for a child or adult with disabilities, and the experiences of hired workers suggest consumer direction is a sustainable option, but support networks for workers might be a needed program improvement [46].

Medicaid costs are generally higher under consumer-directed Cash and Counseling models because those in the traditional system do not always get the services to which they are entitled. To keep total Medicaid costs per recipient at the level incurred under the traditional system, consumer-directed programs need to be carefully designed and closely monitored [47].

In 2005, Governor Sonny Perdue endorsed the Cash and Counseling concept [48]. The state has applied for an amendment to add participant direction to its 1915(c) HCBS waiver program for elder adults and adults with physical disabilities, and has already received approval for amendments to their physically Disabled and MR waivers [49].

F. Money Follows the Person

The concept of “money follows the person” is the idea that funding is tied to a specific individual and can change as the individual's needs change regardless of the setting in which services are delivered. “Money follows the person” is one of the primary goals of rebalancing efforts and a key priority for consumers and advocates, even though state budget processes generally budget separately for each long-term care service. To address the concern, states like Texas, Vermont, Wisconsin, Oregon, Washington, Minnesota, Nebraska, Iowa, and others have used variations of “global budgeting” which consolidate institutional and HCBS budgets within the same administrative subdivision, imposing a cap on the total spending and administrative flexibility within the spending limit. As waiver program participants' needs and preferences

change, global budgeting enables the money to more readily follow the person because the funding is redirected administratively [37].

In May 2007, the Centers for Medicare and Medicaid Services announced the second round of “Money Follows the Person” grant awards to 13 states and the District of Columbia. The program’s national goals are to:

- Increase the use of home and community-based, rather than institutional, long-term care services,
- Eliminate barriers or mechanisms that prevent Medicaid-eligible individuals from receiving support for appropriate and necessary long-term services in the settings of their choice,
- Increase the ability of the state Medicaid program to assure continued provision of home and community based long-term care services to eligible individuals who choose to move from an institutional to a community setting, and
- Ensure that procedures are in place to provide quality assurance for individuals receiving Medicaid home and community-based long-term care services and to provide for continuous quality improvement in such services.¹³

Georgia is the recipient of \$34,000,000 over five years to support its grant program in an effort to transition at least 1,347 individuals from institutions to community living.

G. Aging and Disability Resource Centers

The Administration on Aging (AoA) and the Centers for Medicare and Medicaid Services (CMS) launched the Aging and Disability Resource Center (ADRC) initiative in 2003. The ADRC initiative is part of a nationwide effort to restructure services and supports for older adults and younger persons with disabilities, and it complements other long-term care system change activities designed to enhance access to community living. ADRCs serve as integrated points of entry into the long-term care system, commonly referred to as “one stop shops,” and are designed to address many of the frustrations consumers and their families experience when trying to access needed information, services, and supports [50].

¹³ http://www.hcbs.org/files/110/5497/PR_MFP.pdf; retrieved from the World Wide Web August 13, 2007.

In September 2004, Georgia was awarded a three-year ADRC grant from the AoA and CMS. The grant resulted in the development of two pilot site ADRCs, one serving the Atlanta region and the other serving the greater Augusta region. In the Atlanta area, the Atlanta Regional Commission Area Agency on Aging (AAA) partnered with the Atlanta Alliance on Developmental Disabilities to implement a decentralized Resource Connection model, while the Central Savannah River Area AAA implemented a centralized Resource Connection model.

In September 2006, Georgia was awarded additional funds by the AoA and CMS for two years to increase the knowledge and understanding of the ADRC model within and among the aging, disability, health care professional, and consumer communities. The goals are to be achieved through a series of training sessions around the state for the purpose of expanding viability.

Additionally, the General Assembly appropriated \$700,000 for State Fiscal Year 2007 to expand the ADRC model to AAAs in Northeast Georgia, Coastal Georgia, and the Southern Crescent. It is hoped that the ADRC model will expand to all areas of the state to provide a “no wrong door” approach for individuals of any age or disability in need of long-term supportive care.

VI. Conclusion

The characteristics of initiatives that have been able to improve the financing and delivery of care to people in need of long-term care services are: prepaid, risk-adjusted financing; integrated Medicare and Medicaid funding streams; a flexible array of acute and long-term benefits; well organized, redesigned care delivery systems that tailor benefits to individual need; a mission-driven philosophy; and considerable creativity in engaging government payers. The experience of these initiatives illustrates both the obstacles to, and the opportunity for, meaningful, widespread care delivery reform for vulnerable, chronically ill populations [51].

Dr. Paul Hodge, Chairperson of the Global Generations Policy Institute and Director of the Harvard Generations Policy Program, may have said it best when he concluded to the White House Conference on Aging Policy Committee in 2004:

While many experts, pundits, and the press have made predictions about how the aging of the Baby Boomers will affect the United States, in actuality, no one really knows with

any certainty what will happen. What is clear is that the policy implications and ramifications are unprecedented in history. America's aging will transform politics, retirement systems, health care systems, welfare systems, and labor markets. It will force a re-thinking of social mores and prejudices, from issues of age/gender discrimination in the job market to end-of-life care. Whether that transformation is positive or negative will depend on planning and preparation that must begin today [12].

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Selected Fiscal and Economic Implications of Aging

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for

**Georgia's Aging Population:
What to Expect and How to Cope**

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I. Executive Summary

The graying of Georgia will have an effect on the overall economy, particularly the labor force, and on tax revenue and on the level, composition, and nature of public services.

Governments need to determine how an aging population will affect them and plan carefully for the changes that are coming. A variety of agencies would be involved in such planning, which could make the process even more complicated.

Some trends regarding the interaction of the aging demographic, the economic base, and state and local public finances include:

- Pressure on the work force in terms of a loss of experience and demand for different types of labor
- Changes in consumption patterns which could call for changes in production, investment, and labor
- Demands for different types of housing—we are not sure how quickly the elderly will choose to move out of their “family homes” but there may be an increased demand for smaller homes and/or other types of housing arrangements. These changes in demand can affect the housing markets, but it is not obvious in which direction.
- Tax expenditures afforded the elderly which tend reduce the growth of major revenue sources such as income, sales, and property taxes
- Pressure for public services such as health care which reduce the discretionary component of the state’s budget – we should also expect a continued change in demand for other public services like recreation, transportation, education, and police services.

Georgia is not alone in facing these economic and fiscal pressures; every state should expect a similar list of future pressures. Georgia is unique, however, in terms of the magnitude of the growth in the elderly. While Georgia currently has a relatively young population, because of the increase in its population, the state will deal with a somewhat larger absolute growth in the elderly.

Some proactive policies have been established to begin to address the labor force issue. However it does not appear that an overall inventory of the labor force demographic has been undertaken in state or local government, or in the private sector. Census data can help us understand the magnitude of the overall looming retirement, but it would be much more informative to know where retirement is coming, by sector, skill level, management level, and so forth. In addition, the state might consider becoming more active as a policy leader in the case of stretching out the time to retirement.

With respect to the revenue and expenditure issues, Georgia faces pressures similar to other states. The state and local governments have significantly expanded their income and property tax exemptions, which yields a revenue loss, and will dampen future tax collections. The general nature of the sales tax and consumption of the elderly suggests that sales tax revenue growth will also be dampened in the future. Expenditures, particularly for health care (Medicaid) will continue to increase over time. In the face of these pressures, why would the state continue to increase the value of certain exemptions? One reason maybe that the elderly provide additional economic development. If the tax reductions afforded retirees increase migration of retirees who on net spend more than they ask of the government, these tax policies could increase the overall tax base. We should, then, develop a cost-benefit kind of analysis to determine the net impact of tax reductions as an economic development tool. This is a very tough type of analysis to do. We would need detailed information on the types of spending and income for various groups of retirees (recent migrants, older migrants, those leaving the state), and we would need to determine the public services consumed by these groups. Such data are not readily available, and it may be that the assumptions that had to be made to do this type of cost-benefit are unpalatable.

A couple of alternative ways to analyze a “cost-benefit” are less detailed, and while not definitive, may offer some guidance regarding the net impact of the state’s fiscal interaction with the aging demographic. The U.S. Census reports migrants among states by income level and age. Rork (2007) and Landers et al. (2005) note that the mean income of elderly migrants into Georgia is less than those who leave Georgia. Also, Georgia is a net importer of elderly from Florida, a state without an income tax. These general statistics suggest that the state may be attracting retirees and elderly who will not add to the income tax net.

Another way to judge the impact of the elderly flows into the state on revenues would be a very detailed decomposition of the changes in tax revenue (by type) over time. It may be possible to isolate the impact of the elderly flows, general economic growth, and other factors that affect the growth in taxes. However, this type of analysis itself can become complicated as there are many interactions in our economy. The growth in the number of elderly will affect the economy itself—which will affect the tax base.

While Georgia experiences these pressures and potential benefits from an increased elderly population, it is time to view state and local budgets over a longer time horizon. Incorporating the demographic changes that are expected in the state over a 10-year period (or longer) will enable the state and local governments to be more proactive in budgetary decisions in the short term. State and local governments in the U.S. and Georgia need to take a good, hard look at their revenue structure to ensure that it is structured in such a way that it is not overly susceptible to future demographic changes such as the graying of the U.S. population.

II. Introduction

The aging of the U.S. population is by this time no surprise to most people. Georgia is a relatively young state—the median age in Georgia in 2005 was 34.3 while for the U.S. it was 36.4. However, Georgia will gray at a similar rate as the average U.S. state over the next 20 years. This means that Georgia will remain relatively young, but Georgia's rapid overall population growth means that Georgia will be gaining a large number of elderly residents in absolute terms. The U.S. Bureau of the Census projects that between 2000 and 2010, Georgia will add about 200,000 elderly residents (65 and older) to its population ranks, and between 2010 and 2020, the state will add another 430,000 elderly residents to its population base.

The implications of the growth in the elderly population are far-reaching. The other white papers of this conference discussed the implications for livable communities and for long-term health care. In this paper, we discuss the interaction between the aging of Georgia's population and selected fiscal and economic issues of the state. The policy issues that we focus on in this paper are as follows:

- The implications of the growth in the elderly population on the labor force,
- The implications for the public sector work force and steps and policies that government agencies may consider to address these issues,
- The implications for state and local government revenue given changes in income and the tax treatment of the elderly and policy recommendations,
- The implications for the level and cost of public services from an aging population, including health and transportation, and
- Other economic issues, including funding of pension systems, housing, and voter participation.

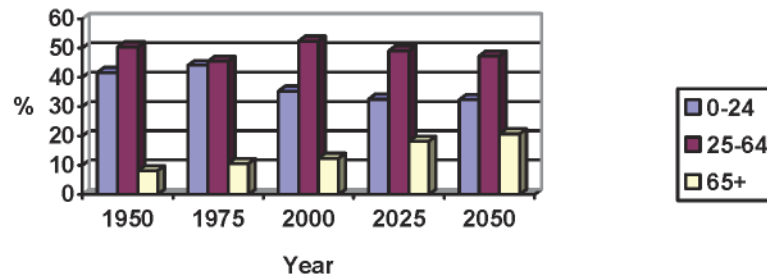
The next section of this white paper summarizes Georgia's demographics to set the stage for discussing the economic and financial implications of those trends. The third section considers the effects of an aging population on the state's economy, while the fourth section focuses on fiscal issues. Section 5 provides a summary.

III. State and National Aging Trends

Over the next fifty years, the age distribution of the U.S. population will change dramatically. As the baby boomers (those born between 1946 and 1964) continue to age, an increasingly higher proportion of Americans will be in retirement, which has implications for the labor force and could lead to strains on social services and tax revenues.

In 1950, about 8 percent of Americans were over the age of 65. As shown in Figure 1, that number has increased steadily to around 12 percent today. However, U.S. Bureau of the Census predicts that growth in the number of elderly Americans after 2010 will increase rapidly as the first baby boomers enter retirement. By 2020, over 16 percent of Americans will be of retirement age (65 years or older), and by 2040 that number will continue to rise to over one fifth of Americans. In contrast, Figure 1 shows that the percentage of working-age Americans will begin to steady decline at a relatively slow rate from about 50 percent currently to about 46 percent in 2050.

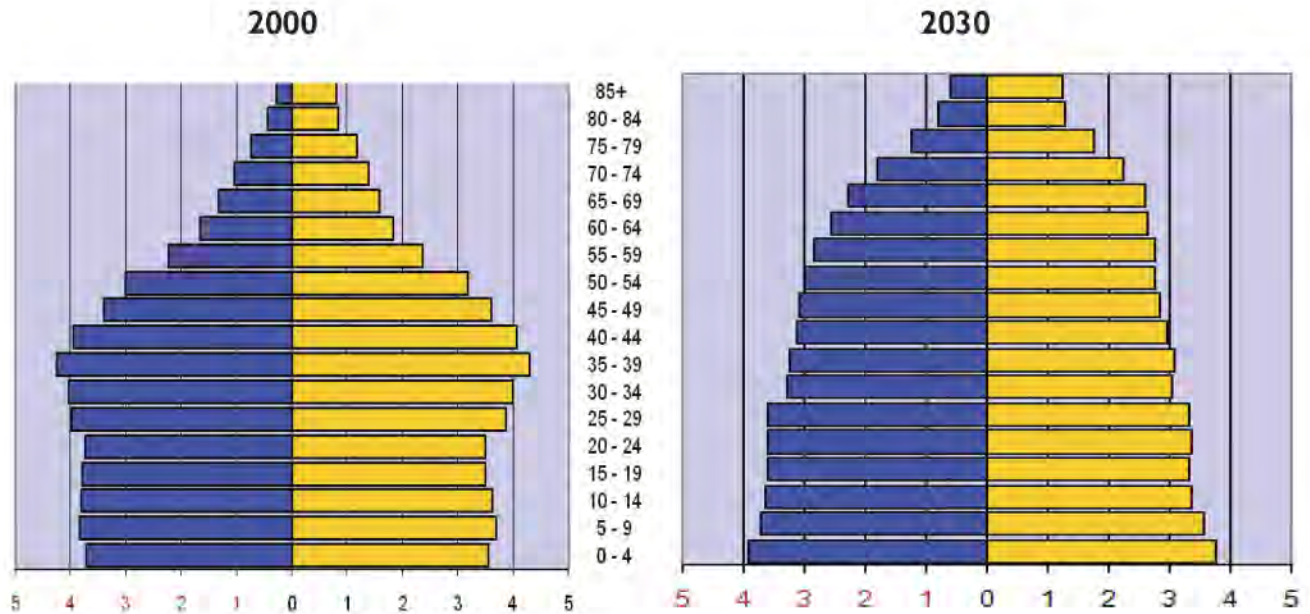
Figure 1: Population Distribution by Age 1950-2050



In order to produce this demographic shift, growth rates in the number of specific older Americans will increase substantially. In the five decades from 2000 to 2050, the fastest growing age cohort will be those 85 years of age and older (the “oldest-old”), except between 2010 and 2020, where the cohort 65-84 years of age will grow fastest. Today, less than two percent of the population is over the age of 85, but by 2050 projections suggest that around five percent of the U.S. population will be 85 years of age or older.

The state of Georgia is facing similar demographic trends. The aging trend is very apparent in the U.S. Census “population pyramids” (Figure 2). The first graph shows the age distribution in Georgia for 2000 and the second for 2030.

FIGURE 2: POPULATION PYRAMIDS OF GEORGIA
PERCENT OF TOTAL POPULATION



Source: U.S. Census

Note: males are on the left and females on the right.

A. The Elderly and the Economy

The growth in the number of elderly population can impact the economy in various ways. One of the most significant is the effect on the size of the labor force; elderly tend to be less engaged in the labor force, thus reducing the number of eligible workers. As individuals age, the level, composition, and distribution of income changes. In general, the elderly are increasingly financially secure in retirement. However, there are some elderly whose financial resources are much more limited, and they in turn may demand more services of non-profits and governments. Elderly have different spending patterns, so an aging population will change the types of goods and services produced in the economy. Pension funds are a large part of the national and international financial market, so investment and distribution activities around pension funds are critical to the stability of some financial markets.

B. Aging and the Labor Force

With the graying of the population, it is quite natural to expect growing numbers of retirees than witnessed in the past, as well as a greater percentage of the total population consisting of retirees. This suggests a smaller labor force relative to the size of the population. However, the growth of the economy depends in part on a growing labor force. In this section we first discuss what has happened over time to the age at which people retire and the implications of a growing aging population for the labor force. We then discuss policies that are designed to address the labor shortage.

There are several ways to measure “retirement,” including the end of a career job, receipt of Social Security retirement benefits or other pensions, and/or a “permanent” exit from the labor force (Gendell 2001). However, because it is the easiest to measure, most studies concerned with the changing age at which people retire use labor force participation rates of older persons as a measure of retirement.¹

The consensus in the literature is that the age at which people retire had declined steadily from the late nineteenth century to the middle of the 1980s. However, in the mid-1980s retirement ages and labor force participation rates of older people began to level off (Table 1). Many researchers have argued that since then the retirement age has been increasing (Quinn 1999, Johnson 2002, Aging Stats 2006), labor force participation rates of older people have started to increase after decades of decline. However, there are some researchers, such as Costa (1999) and Friedberg (2007), who argue that recent increases in participation may be cyclical blips, and it is too early to determine if a structural change has actually occurred or if instead the retirement age and participation rates are likely to begin decreasing again in the near future. Labor force participation declines with age. For example, for males between the ages of 55 and 61, 74.7 percent are in the labor force. But participation falls by more than half for those between 65 and 69.

¹ Labor force participation rate is the ratio of the number of employed individuals within an age group divided by the population of that age group.

TABLE 1: LABOR FORCE PARTICIPATION OF PERSONS AGES 55 AND OVER BY AGE AND SEX, 1963-2005

Year	Men				Women			
	55 to 61	62 to 64	65 to 69	70 years and over	55 to 61	62 to 64	65 to 69	70 years and over
1963	89.9	75.8	40.9	20.8	43.7	28.8	16.5	5.9
1964	89.5	74.6	42.6	19.5	44.5	28.5	17.5	6.2
1965	88.8	73.2	43.0	19.1	45.3	29.5	17.4	6.1
1966	88.6	73.0	42.7	17.9	45.5	31.6	17.0	5.8
1967	88.5	72.7	43.4	17.6	46.4	31.5	17.0	5.8
1968	88.4	72.6	43.1	17.9	46.2	32.1	17.0	5.8
1969	88.0	70.2	42.3	18.0	47.3	31.6	17.3	6.1
1970	87.7	69.4	41.6	17.6	47.0	32.3	17.3	5.7
1971	86.9	68.4	39.4	16.9	47.0	31.7	17.0	5.6
1972	85.6	66.3	36.8	16.6	46.4	30.9	17.0	5.4
1973	84.0	62.4	34.1	15.6	45.7	29.2	15.9	5.3
1974	83.4	60.8	32.9	15.5	45.3	28.9	14.4	4.8
1975	81.9	58.6	31.7	15.0	45.6	28.9	14.5	4.8
1976	81.1	56.1	29.3	14.2	45.9	28.3	14.9	4.6
1977	80.9	54.6	29.4	13.9	45.7	28.5	14.5	4.6
1978	80.3	54.0	30.1	14.2	46.2	28.5	14.9	4.8
1979	79.5	54.3	29.6	13.8	46.6	28.8	15.3	4.6
1980	79.1	52.6	28.5	13.1	46.1	28.5	15.1	4.5
1981	78.4	49.4	27.8	12.5	46.6	27.6	14.9	4.6
1982	78.5	48.0	26.9	12.2	46.9	28.5	14.9	4.5
1983	77.7	47.7	26.1	12.2	46.4	29.1	14.7	4.5
1984	76.9	47.5	24.6	11.4	47.1	28.8	14.2	4.4
1985	76.6	46.1	24.4	10.5	47.4	28.7	13.5	4.3
1986	75.8	45.8	25.0	10.4	48.1	28.5	14.3	4.1
1987	76.3	46.0	25.8	10.5	48.9	27.8	14.3	4.1
1988	75.8	45.4	25.8	10.9	49.9	28.5	15.4	4.4
1989	76.3	45.3	26.1	10.9	51.4	30.3	16.4	4.6
1990	76.7	46.5	26.0	10.7	51.7	30.7	17.0	4.7
1991	76.1	45.5	25.1	10.5	52.1	29.3	17.0	4.7
1992	75.7	46.2	26.0	10.7	53.6	30.5	16.2	4.8
1993	74.9	46.1	25.4	10.3	53.8	31.7	16.1	4.7
1994	73.8	45.1	26.8	11.7	55.5	33.1	17.9	5.5
1995	74.3	45.0	27.0	11.6	55.9	32.5	17.5	5.3
1996	74.8	45.7	27.5	11.5	56.4	31.8	17.2	5.2
1997	75.4	46.2	28.4	11.6	57.3	33.6	17.6	5.1
1998	75.5	47.3	28.0	11.1	57.6	33.3	17.8	5.2
1999	75.4	46.9	28.5	11.7	57.9	33.7	18.4	5.5
2000	74.3	47.0	30.3	12.0	58.3	34.1	19.5	5.8
2001	74.9	48.2	30.2	12.1	58.9	36.7	20.0	5.9
2002	75.4	50.4	32.2	11.5	61.1	37.6	20.7	6.0
2003	74.9	49.5	32.8	12.3	62.5	38.6	22.7	6.4
2004	74.4	50.8	32.6	12.8	62.1	38.7	23.3	6.7
2005	74.7	52.5	33.6	13.5	62.7	40.0	23.7	7.1

NOTE: Data for 1994 and later years are not strictly comparable with data for 1993 and earlier years due to a redesign of the survey and methodology of the CPS.

SOURCE: Current Population Survey (CPS), Bureau of Labor Statistics

Taking a pension (which includes Social Security, private or public employer pensions, and/or benefits from private retirement accounts such as IRAs) does not mean the individual leaves the work force. After falling through the mid-1980s, labor force participation among pension recipients has increased in the last 20 years or so. Furthermore, the percentage of pension recipients who work part-time increased for younger pensioners (55-61 and 62-64), slightly decreased for pensioners age 65 to 69, and has been more or less stable for pensioners age 70 and over. The story of state and local government pensioners is similar. For those between 65 and 69 years of age, 85 percent have pensions, and about 27 percent of those are employed (although) only 15 percent of government pensioners are employed.

The literature suggests that "traditional retirements are a thing of the past" (Cahill et al. 2005). Workers more and more are taking on "bridge jobs" before exiting the labor force completely including many workers who go back to work after leaving the labor (Maestas 2005).

Without any change in labor force participation of the elderly, the aging of the work force will reduce the size of the labor force relative to the size of the population. This raises several questions, including:

- What are the implications of the aging of the workforce on employers?
- Will employers be able to replace the retired workers with younger workers?
- Are employers losing workers with long seniority?

A host of recent research has suggested that the aging workforce and impending retirements of millions of older workers will pose serious challenges for employers.² The GAO (2005b) has suggested that there "may not be enough younger workers in the labor market to replace [the retirees]." Some specific occupations and regions of the country may experience extreme shortages (Pitt-Catshoupes and Myer 2005), and a report by Ernst & Young (2006) finds that the public sector workforce may be especially hard hit. Nearly 20 percent of state and local government employees were 55 and older in 2004 compared to 14 percent of private sector workers. However, despite the apparent consensus that worker shortages are inevitable, a recent survey conducted by the Center for Retirement Research at Boston College found that "employers are lukewarm about retaining older workers" (Eschthrueth et al. 2007).

This national shortage of workers will mean that employers will find it harder and more

² See for example GAO (2001), GAO (2005b), Ernst & Young (2006), Pitt-Catshoupes and Myer (2005), Eschthrueth et al (2007), and Kiyonaga (2004)

costly to replace workers who retire and to retain existing workers. Organizations that do not develop plans to address this issue will find it even more difficult to secure the workers they need. Nationally, the U.S. can address this issue by increasing labor force participation of both the elderly and non-elderly and by allowing increased immigration of workers. But what can organizations, including nonprofits and government agencies, do to address the issue? There are several things that organizations are doing.

1. Workforce and Succession Planning (WFSP)

A first step in addressing the issue of an aging workforce is for an organization to develop a workforce and succession plan. Essentially, there are five steps (The International Personnel Management Association 2002):

- Analyzing the current workforce
- Identifying the workforce needed for the future
- Comparing the present workforce to future needs to identify gaps
- Preparing plans to eliminate these gaps and build the workforce needed in the future
- Evaluating the process and results to ensure that the workforce planning model remains valid, and organizational objectives are being met

“WFSP attempts to match the available supply of labor with the forecasted demand in light of the strategic plan of the organization” (Pynes 2004). Where gaps exist, strategies should be devised to recruit, develop, and retain employees with the needed knowledge, skills, and abilities to carry out the mission of the organization.³

2. Restructuring Pension Plans from Defined Benefit to Defined Contribution and Other Plans

The structure of many pension plans provides strong incentives for older workers to retire or change employers.⁴ Defined benefit plans, such as the Georgia State Teacher Retirement Program, provide a specific benefit at retirement for each eligible employee. Defined contribution plans specify the amount of contributions to be made by the employer toward an

³ For a discussion of WFSP see Pynes 2004, Lynn 2001, Helton and Soubik 2004, International Personnel Management Association 2002.

⁴ For a discussion see Johnson and Steuerle 2003, GAO 2001, GAO 2005a, and U.S. Department of Labor links.

employee's retirement account: the retirement benefits provided depend on the amount of the contributions and the net gains in the account.

Defined benefit plans often give workers strong financial incentives to retire earlier than they might otherwise because benefit accrual is often very low or even negative once the employee reaches the plan's full retirement age. This result occurs because working another year means the individual forgoes a year of retirement benefits, but often does not increase the benefits in future years by enough to make up for the loss. Defined contribution plans, hybrids, and other variants can alter the incentives and encourage older employees to work longer.

One type of hybrid pension plan is a cash balance plan, which is a defined benefit plan that defines the promised benefit in terms of a stated account balance. In a typical cash balance plan, a participant's account is credited each year with a pay credit (such as 5 percent of compensation) and an interest credit. Increases and decreases in the value of the plan's investments do not directly affect the benefit amounts promised to participants. Thus, the investment risks and rewards on plan assets are borne solely by the employer.

One of the main benefits for employers of using hybrid pension plans is that they provide incentives for older workers to continue working relative to traditional defined benefit plans. They do so by both retaining workers with long seniority and recruiting older workers from outside the organization.⁵

Another pension reform option is a Deferred Retirement Option Plan (DROP). DROPs have become increasingly popular in the public sector in recent years, especially for teachers, firefighters and law enforcement. A DROP is a defined benefit pension plan that contains special features that allow individuals who have reached retirement age to begin receiving pension benefits while they continue to work and receive a salary. This is generally done by depositing the pension payment into a private account in the individual's name that the individual will receive lump-sum upon terminating employment. The result is that working another year does not decrease an individual's pension wealth like a defined benefit plan does.⁶

3. Other Practices

There are a host of other actions that organizations might consider in order to retain workers who might otherwise retire or to address the loss of valuable human capital and

⁵ Among others, Johnson and Steuerle (2003) provide a good discussion of how defined benefit plans reduce work incentives for older employees and how hybrids seek to improve the incentives.

institutional knowledge. Nonstandard work arrangements (NSWAs) are those other than full-time, permanent positions. NSWAs appeal to workers primarily because they allow greater flexibility. For older workers especially, NSWAs often provide a means to stay active and involved without the rigors of full-time work.⁷ An example is Phased Retirement/Gradual Retirement, which is a general process that allows workers nearing retirement to more smoothly transition from a full-time career job to retirement rather than undergoing an abrupt change from work to retirement. As a part of phased retirement workers often take on bridge jobs that involve reduced responsibilities and/or fewer hours worked.

When organizations lose workers, they often also lose valuable knowledge that is not easily obtained by new workers. Therefore, knowledge transfer from recent retirees and older workers to younger workers is increasingly important for public sector organizations. Liebowitz (2004) identifies several strategies to facilitate knowledge transfer many of which have been implemented to various degrees within NASA. Some examples are:

- ***Emeritus Programs:*** Recently retired employees can keep an office, phone, and e-mail address at their organization to encourage them to come in periodically and continue to interact with younger workers to facilitate knowledge transfer.
- ***Mentoring Programs:*** Older and recently retired employees can serve as mentors in a formal mentoring program in their organization.
- ***Knowledge Sharing Forums:*** Experienced individuals meet in a small group, once a month or so, with up-and-coming individuals to share stories, lessons learned, and insights.

While it may be possible to retain older workers, it will be necessary to replace a growing number of retirees. There are many things an organization can do to improve its ability to recruit, retain, and develop younger workers, including:

- ***Student Employment and Internships Programs*** that encourage quality interns and student employees to seek full-time permanent employment upon completing their education.
- ***More creative college recruiting***, including getting information to students by building relationships with and providing information to college faculty and advisors.

⁶ See GAO (2001) for a fuller discussion of DROPs.

⁷ For a discussion see Mastracci and Thompson 2005, Partnership 2007, and Liebowitz 2004.

- ***Student Loan Forgiveness and Tuition Reimbursement programs***, which students report are an effective recruitment tool, and cancelable loan programs for students preparing for certain occupations such as teachers, nurses, social workers, and others.

C. Aging and other Economic Issues

In addition to the important impact that an aging population has on the labor force and therefore the entire economy, an aging population has several other implications for the economy.

- ***Consumption patterns:*** The elderly consume a different bundle of goods and services. For example, they have greater health care costs and consume more of other services as well. This has implications for the types of businesses that are needed, but also affects the base of the sales tax. The implications for the sales tax are discussed below.
- ***Housing patterns:*** While the elderly express a preference for staying in their existing homes, they eventually move into smaller housing units. In addition to the implication for the housing market, this affects the property tax base. The effect on housing is discussed in the white paper on livable communities, while the implication for the property tax is discussed below.
- ***Pension funding:*** Associated with aging is a change in the status of pension funds—which have grown substantially over time across the globe. The economic impact of the pension funds is related to the size of those assets relative to the total capital market. While it is unlikely that changes in pension distributions would have critical impacts on the overall capital markets, as pension funds grow and then are withdrawn, there might be some adjustments in capital markets.

IV. Nexus of Age-Demographic and Public Finances⁸

The changes in the age distribution of the Georgian population can have a number of serious repercussions for state and local government budgets. Some possible impacts on public budgets that have been identified in previous studies are:

⁸ This section relies heavily on Landers et al (2005).

1. The changing age distribution signals a potential change in popular demand for certain public services and financing mechanisms (taxes);
2. A growing elderly population is associated with changes in consumption patterns, which – in turn – will affect the revenues raised by state and local governments;
3. Many local governments grant property tax credits and exemptions to elderly homeowners, reducing the revenues raised by the property tax, and, as the population continues to age, this revenue cost grows;
4. State government individual income tax bases tend to exempt part of the income of retirees including earned income, pension income, and social security, thereby reducing the revenue take from the income tax;
5. The types of public expenditures demanded by the elderly population may differ from those of other age groups, and, as a result, governments must adjust their public service mix.

A. Revenue Effects: Sales, Income and Property Taxes

To analyze the potential impact of the aging of the population on state finances, we need to look at the revenue side of the budget as well as the expenditure side. On the revenue side, we focus the interaction of the graying of the population on the individual income tax, sales tax, and property tax. For Georgia's state and local government budgets, these are very important sources of revenue. For the state, the income and sales tax are the most important revenue sources in terms of dollars - in FY2007, the individual income tax brought in 49 percent of all tax revenue and the sales tax 34 percent.

The aging demographic interacts with revenues in at least two general ways. First, the income of the elderly is typically weighed more heavily in the form of pension and capital income than in terms of wage and salary income. Our federal and state tax systems tax pensions and capital income less than wage and salary income—so as those forms of income grow with the aging population, the income tax base contracts. There is also some evidence that individuals spend less from their savings (pension and capital income) than from wage and salary income (Hawkins and Wallace, 2006). This behavior would reduce the sales tax base as would the fact that the elderly consume different types of goods—many of which are not subject to sales tax (health and medical related goods and various services). Finally, the elderly consume different types of housing, and they may move from a taxable residence to a non-profit community such

as a nursing home or an extended care facility. This movement could reduce the overall property tax base if non-profit housing options increased at the expense of other residential or commercial property.

The second general way that the aging trend affects revenues is through the tax code itself. The federal, state and local governments in the U.S. do afford the elderly certain tax breaks.⁹ Tax breaks of any type are known as “tax expenditures” because they are taxes that are forgone to the federal, state and local budgets. As the number of elderly grows over time, the value of the tax breaks for the elderly grows in terms of lost revenue. We focus on these legislated tax expenditures and the growing elderly population with respect to income, sales, and property taxes below.

1. Individual Income Tax

Over the last twenty five years, many states have adjusted their income tax structures in such a way that the effective income tax rate on retirees (or elderly, as defined by each state) is substantially lower than the effective state income tax rate on non-retirees. Edwards and Wallace (2004) report that in the U.S. in 1999, the effective marginal tax rate faced by the elderly was about one percent and that by the general population of non-elderly was 2.6 percent. This gap, or wedge, in tax rates comes largely from exemptions for the elderly (exemption of social security income and pension income in most cases from state income tax bases). In fact, all states that levy an individual income tax offer special tax relief to the elderly by excluding some amount of retirement or other income or by providing additional deductions or credits for their older taxpayers. Some states have a maximum income or threshold (a means-test) for some or all of their relief so that they might afford more relief to lower income elderly. Thirty-nine states exempt some or all social security income from taxation, while exemption of pension income from taxation varies widely across the states, but most states offer some form of relief (Wisconsin Legislative Fiscal Bureau 2007). Nineteen states offer an additional credit for elderly/disabled.¹⁰

Georgia’s individual income tax is one of the more generous state individual income tax structures in terms of retirement income exclusions for the elderly, although a number of states do allow a blanket exemption of all retirement income. Georgia currently allows an exemption

⁹ There are also preferences for other groups such as children, but we do not focus on those in this paper.

of up to \$30,000 of income (a combination of a \$4,000 cap on earned and no cap on unearned income) per retired tax filer, and in addition, all social security income is exempt. The state exemption increases to \$35,000 for taxable years beginning on or after January 1, 2008. The revenue cost of the exclusion will increase over time as more and more Georgia tax filers are eligible for the exemption. There has also been discussion of lifting the cap on earned income and of creating a 100 percent exemption for elderly.

We project the revenue loss associated with the exemption of non-social security income separately from that for social security income and report the tax expenditures associated with this part of the tax law in Georgia. These estimates are referred to as “tax expenditures” because they are costs to the state in the form of foregone tax revenue. Tax expenditures are not necessarily bad (nor good), but simply reflect tax policy decisions that have been made and that reduce the potential revenue from any particular source. The income tax system in Georgia (and all other states) contains a variety of tax expenditures—the deduction for dependents, certain types of savings, mortgage interest, etc. Here we focus on the exemption for “retirees.”

If we somewhat arbitrarily take 1990 tax law as our starting point, we can trace out the revenue implications of tax exemption afforded retirees in Georgia by providing an annual estimate of the cost of the retiree exemption for the state income tax. From the starting point of 1990 law, we add the additional tax expenditure estimates associated with legislated increases in the retiree exemption. The first major change was in 1994, when the exemption was increased to \$11,000 and the last major change is the 2005 legislation increasing the exemption to \$35,000 by 2008. The results of this exercise are reported in Table 2 below. We use data from the Georgia Department of Revenue to estimate the baseline of retired taxpayers and assume a steady growth rate in elderly tax filers that is consistent with the Census projections of Georgians 65 and older. As the exemption level increases, our estimates from our Georgia micro-simulation model suggest that a small percentage of filers would not have enough income to make use of the entire exemption, and that is accounted for in our estimates. This is most important in the major increases in the retiree exemption that come on-line in 2006, when the exemption jumps from \$15,000 to \$25,000 and then to \$35,000 in 2008.

As shown in Table 2, the revenue cost of the retiree income exemption has grown steadily because of statutory changes which have increased the exemption level as well as the

¹⁰ Additional detail is available from Edwards and Wallace, 2004 and Federation of Tax Administrators 2007: http://www.taxadmin.org/fta/rate/tax_stru.html

growth in the number of retirees likely to qualify for the exemptions. In 2007, the aggregate value of the elderly income exemption is about \$130 million. This revenue cost is small relative to income tax collections—approximately 1.5. The growth rate in this exemption jumps between 2006 and 2007 and 2008 as the new, higher exemption levels kick-in. Between 2006 and 2007, the exemption increases in cost by 31 percent and then by 21 percent from 2007 to 2008. While still small relative to total income tax revenue, by 2008, the total value of the elderly exemptions could reach about 1.7 percent of projected income tax revenue.

The social security exemption tax expenditure is calculated using Georgia individual income tax files. The tax expenditure for that exemption is approximately \$86 million in 2006. The combined impact of the elderly income exemptions is approximately 2.65 percent of income tax revenue by 2008.

TABLE 2. TAX EXPENDITURE OF ELDERLY INCOME TAX EXEMPTION (\$)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Additional Tax Expenditure by Legislated Change 1994 Law increasing exemption to \$11,000 for 1994 and to \$12,000 for 1995 and thereafter	7,927,235	8,125,415	8,328,551	8,536,765	8,750,184	8,968,938	9,193,162	9,422,991	9,658,566	9,900,030	10,147,530
1998 Law increasing exemption to \$13,000	7,927,235	8,125,415	8,328,551	8,536,765	8,750,184	8,968,938	9,193,162	9,422,991	9,658,566	9,900,030	10,147,530
2000 Law increasing exemption to \$13,500 for 2001 and to \$14,000 for 2002 and thereafter		3,656,437	7,495,696	7,683,088	7,875,165	8,072,044	8,273,846	8,480,692	8,692,709	8,910,027	9,132,777
2002 law increasing exemption to \$14,500 for 2002 and to \$15,000 for 2003 and thereafter			3,747,848	7,683,088	7,875,165	8,07,044	8,273,846	8,480,692	8,692,709	8,910,027	9,132,777
2005 Law increasing exemption to \$25,000 for 2006 to \$30,000 for 2007, and to \$35,000 for 2008 and thereafter							64,352,132	94,229,908	120,732,069	123,750,371	126,844,130
Total tax expenditure for retiree exemptions made since 1990	15,854,469	19,907,268	27,900,645	32,439,705	33,350,698	34,081,965	99,286,147	130,037,273	157,434,619	161,370,484	165,404,746

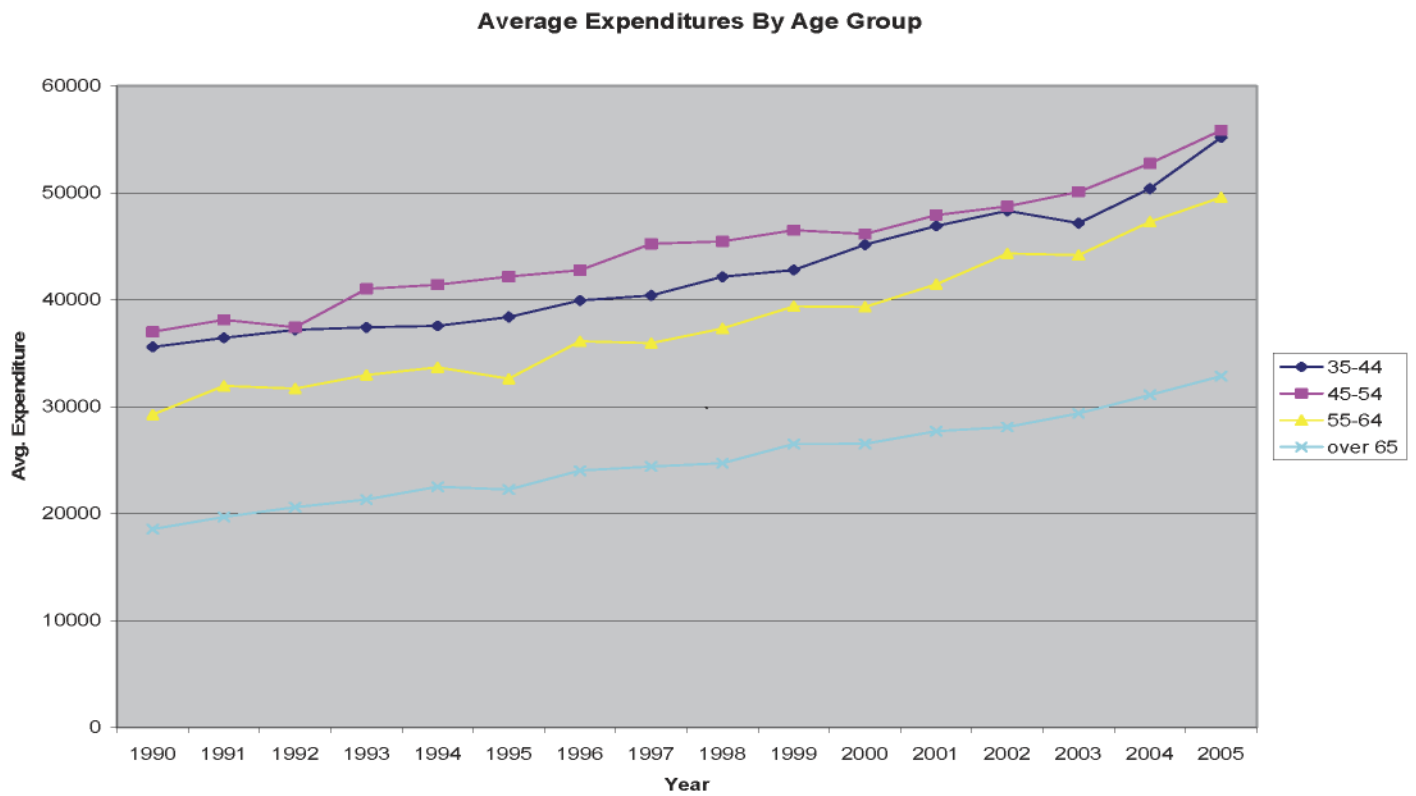
Source: Based on data from Georgia Income Tax Model (Fiscal Research Center).

2. *Sales Tax*

A growing elderly population is associated with changes in consumption patterns which will, in turn, affect the revenues raised by state and local governments. Details on consumption pattern changes are discussed below. To some extent, these changes in consumption patterns are associated with the graying of America. Many of the goods demanded by older citizens are not included in state and local government sales tax bases. Thus, as the country ages and naturally shifts its consumption focus away from taxable goods toward non-taxables, the growth of the sales tax base is decreased, again reducing the monies available for public expenditures.

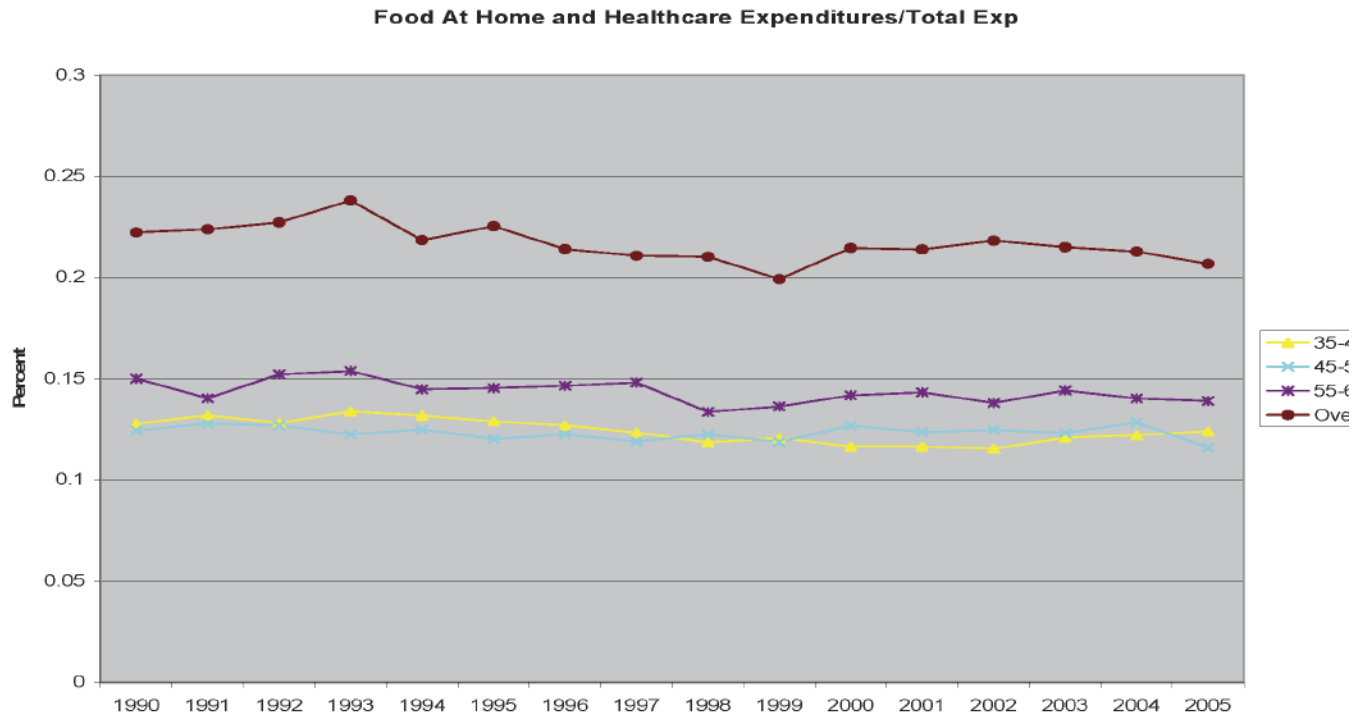
The U.S. Bureau of Labor Statistics' Consumer Expenditure Survey (CES) tallies consumer expenditure by type and also by various demographic characteristics, including age. These data show that the elderly consume quite a different "market basket" of goods than the non-elderly. In particular, the elderly consume more services (relative to total expenditures), and, not surprisingly, more health and medical related goods and services. In most states, services and health-medical expenditures are not subject to sales tax. Georgia is no exception in that it exempts the consumption of most of these goods and services from sales tax.

The average level of expenditures by age group is summarized in Figure 3. As seen there, the elderly consume relatively less than other age groups, although the growth rate in average annual consumption has been substantial and over the last 13 years equals the average annual growth in expenditures of the 55-64 age group (more than one percentage point higher than the other two age groups in Figure 3). While level of expenditures is important for sales tax revenue growth, the composition of income is at least as important. Figure 4 shows the growth in food at home and medical and health expenditures as a share of total expenditures by age group. The numerator includes goods that are largely untaxed in Georgia, so a growth in the ratio suggests a relative decline in the sales tax base. It is obvious that the elderly consume more of these types of goods although the growth rate has stabilized over the last three years.

FIGURE 3. AVERAGE EXPENDITURES BY AGE GROUP

Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey tabulations by authors.

FIGURE 4. FOOD AT HOME AND HEALTHCARE EXPENDITURES/TOTAL EXPENDITURES



Source: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey tabulations by authors.

Mullins and Wallace (1996) use the CES to estimate the impact of changes in demographics including changes in the proportion of the population over 65 on consumption of broad categories of goods. The results of their regression analysis are used to develop “demographic elasticities of consumption.” These are measures of the percent change in consumption by type of good divided by the percent change in a particular demographic - like the percent of the population age 65 and older. They use these results to forecast the impact, by state, of demographics on state sales tax bases. In that analysis, the elasticities of consumption for personal services, household services, and medical and health services are positively related to the percent of population over age 65. Most other categories of expenditure are found to be negatively related to population over 65.¹¹

¹¹ Other consumption categories include: food at home, food away from home, utilities, entertainment, apparel, alcohol, tobacco, and gas/motor oil. Housing (shelter) was excluded.

We use the elasticities of consumption by age group to analyze the impacts for Georgia and find that the aging dynamic coupled with the current sales tax base (which largely exempts services) eats into growth of the sales tax, holding all other demographics constant. Of the twelve consumption groups analyzed, apparel is one taxable that shows very small growth (less than 0.002 percent over the next 5 years). For all other taxable categories of goods analyzed in the study (food away from home, utilities, alcohol, and tobacco), the elderly will consume less and less according to the results of the study, which will dampen the sales tax base very slightly (less than 0.02 percentage points off of the growth of the sales tax base in the absence of the aging demographic). This means that if sales tax revenue were to grow at seven percent annually (a weighted average of the annual growth in sales tax revenue for the last three years), and if the aging demographic did not exist (i.e., the elderly grew at the same rate as they did from 1990 to 2000 and the difference in population growth came from those under age 65), then sales tax revenue could grow by 7.02 percent per year as opposed to 7.0 percent per year. This is not a large revenue impact, but represents about \$12 million in 2007. This impact is not a tax expenditure since it exists not due to an exemption specific to the elderly, but rather reflects the fact that the elderly consume differently.

3. Property Tax

State and local governments allow special property tax exemptions to elderly individuals. Individuals 65 years of age or over may claim a \$4,000 exemption from all state and county ad valorem taxes if the income of that person and his/her spouse does not exceed \$10,000 for the prior year. The \$10,000 income cap does not include “income from retirement sources, pensions, and disability income up to the maximum amount allowed to be paid to an individual and his spouse under the federal Social Security Act (Georgia Code 48-5-47, <http://www.etax.dor.ga.gov/ptd/adm/taxguide/exempt/homestead.shtml>).¹² Local governments may, with approval by the General Assembly, increase the homestead exemption (or may disallow any homestead exemption), and many local jurisdictions have increased exemptions for the elderly. For example, in Cobb County those over 62 pay no school property tax.

Over the last several years, there has been an increase in the number and value of property tax exemptions afforded the elderly. Most of these are means-tested (for details on

¹² In 2005, this maximum is \$46,536.

exemptions by county, see <http://www.etax.dor.ga.gov/ptd/county/index.shtml>). The annual property tax digest publishes the value of the various exemptions by local jurisdiction and, therefore, gives a ready tax expenditure of these exemptions. In 2003, homestead exemptions for the aged totaled roughly \$20 billion. If we apply the state millage rate of 0.25 mills to the state level exemptions, a school millage rate of 15 mills to the exemptions reported by school district and a millage rate of 7 for all other jurisdictions, these exemptions represent a loss of revenue of approximately \$203 million to state and local governments in Georgia. This represents a small percentage of the \$6 billion property tax take. There has been some growth in the number of homestead exemptions afforded the elderly by individual counties. From 2000 to 2003, the growth in the value of exemptions was slightly over 25 percent.

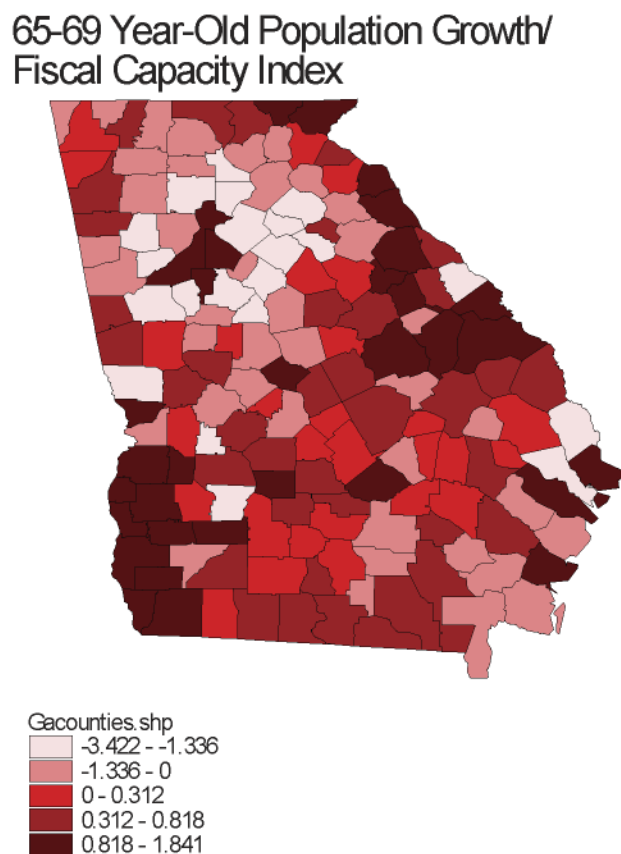
B. Fiscal Capacity Comparison

Fiscal capacity is a measure of the ability of a jurisdiction to raise revenue, given the average tax rates used by similar jurisdictions. So, a fiscal capacity measure takes the tax law as given and basically answers the question “if all jurisdictions levied the same tax rates, how much revenue could they raise given the economic base and demographic structure of the jurisdiction?” Counties with a fiscal capacity index of one or greater are able to generate more revenue than the average county (they do not necessarily generate more, but they are able to). As counties are going through tremendous changes in terms of the age distribution of their populations, those with higher fiscal capacity are in a better position (all else equal) to deal with the expenditure pressures of these changes.

We construct an index that relates the projected change in population to the fiscal capacity as follows. We divide the fiscal capacity of each county by the average fiscal capacity for all counties based on 2003 data. If the ratio equals one for a county, then that county has the statewide average fiscal capacity. If the ratio is greater than one, the county has higher than average fiscal capacity and if it is less than one, lower than average fiscal capacity. We also normalize the change in population as follows. For each county, we compute the change in population from 2000 to 2010 (for two age groups: 65-69 and 85 and older) and divide this change by the average change for all counties. If a county has a value greater than one, then the number of elderly in that county (either the 65-69 group and/or the 85 and older group) is growing faster than the average Georgia county. Finally, we compare the fiscal capacity index to

the population growth index by subtracting the population growth index from the capacity index. Counties with a negative number have less fiscal capacity (relative to the rest of the state) given its population growth than other counties. Counties with positive and larger positive numbers are in a better fiscal position to deal with their expanding elderly populations. The fiscal capacity minus population growth index is reported in Figure 5 for the two age group breakdowns.

FIGURE 5: FISCAL CAPACITY AND POPULATION GROWTH



To conclude this section, we should point out that the total revenue impacts of the growing elderly population are difficult to measure. However, the data for the most available tax expenditures (income tax and property tax) suggest that the aging demographic has eaten into the income tax base by about 2.6 percentage points and the property tax by about five percent. Deloitte (2007) demonstrates that the income and payroll taxes paid by those 60 and older are, on

average, less than half of those paid for those in their 40s. Other tax expenditures that are available to companies or individuals in general are at least as large, (for example, \$750 million or more for the food exemption and \$150 million for various corporate tax preferences) (Edmiston et al. 2002). However, the value of the elderly exemptions will grow over time more quickly than general revenue, due simply to the age-demographic trends. It is important, therefore, for the State to consider the long-term viability of all of the tax expenditures in the system in order to do service to those Georgians in need during the next decade.

C. Expenditures

The expenditure side of the budget is also susceptible to changes in the age distribution. As noted earlier, there has been some concern that the elderly would vote for different kinds of public expenditure, due to preferences that they have. Our reading of the literature is that it may be true that elderly vote for less education spending, but it may simply be reflective of how they grew up. There will always be a difference of opinion regarding public expenditure, and over time, we tend to notice a higher demand for expenditures as income grows, and as other factors develop.

More to the point, the elderly need different types of public goods, namely health and transportation. The health status of the elderly and the number of the elderly are critical factors in determining the need for public spending in the health area. A snapshot of the elderly demographic change and health status is provided here. Tables 3 and 4 portray the elderly population and chronic health status, using Georgia population projections from the U.S. Census. The number of Georgians 65 and over with chronic conditions, as well as those living at 225 percent of the federal poverty level (FPL),¹³ is expected to more than double between 2000 and 2025. These projections suggest that health related expenditures will face significant upward pressure, particularly Medicaid in the public sector. Cooney and Landers (1999) find that the rates of chronic illness and limitations on instrumental activities of daily living (IADLs) are likely to remain relatively constant, so increases in medical expenditures will come largely from the increases in the number of elderly in our population.

¹³ 225 percent FPL is the approximate income level at which elderly individuals may qualify for Medicaid nursing facility care or certain Medicaid home and community-based waiver programs.

TABLE 3. NUMBER OF GEORGIANS 65 AND OLDER

	Number of Georgians 65 and Older	Number of Georgians 65 and Older with Chronic Conditions
2000	779,000	545,300
2005	852,000	596,400
2025	1,668,000	1,167,600

Source: U.S. Census and projections for chronic conditions based on National Health Interview Survey Data Files 1994 Disability Supplement.

TABLE 4. NUMBER OF GEORGIANS 65 AND OLDER AT 225 PERCENT FPL

2000	360,677
2005	394,476
2025	772,284

Source: U.S. Census and projections for chronic conditions based on National Health Interview Survey Data Files 1994 Disability Supplement.

Medicaid eligibility is driven by income and assets—not simply one’s medical condition. Using Medicaid eligibility regulations and projections of the aging population in Georgia, Landers et al. (2005) forecasted the number of elderly Georgians eligible for medical assistance for years 2000 to 2025 (Table 7). Between 2000 and 2025, the number of individuals over 65 with the most intensive care needs (those with chronic conditions, limitations on IADLs) will more than double, while those with general chronic conditions will also double and top one million individuals. The expected growth in the number of those eligible for a variety of services (those with income at 225 percent of the FPL) will more than double. These estimates suggest that caring for the elderly using the inventory of health care services could double in cost if there are no innovations or increased efficiencies in the system. The Governmental Accounting Standards Board (GASB) has taken a step to force state governments to acknowledge these increases in health cost by establishing new accounting rules. These accounting rules, while not strictly enforceable by GASB, require “governments to recognize the costs of benefits other than pensions that have been promised to employees after they retire” (Snell, 2007 p. 1). Larger

governments (those with annual revenue greater than \$100 million) have to report those costs on annual financial statements (beginning in FY2008).

TABLE 5. GEORGIANS AT INCOME LEVELS FOR FEDERAL PROGRAMS

	65+ Georgia Population	65+ up to 75% FPL¹⁴	65+ up to 100% FPL¹⁵	65+ up to 225% FPL¹⁶
2000	779,000	33,000 ¹⁷	109,060	360,677
2005	852,000	36,092	119,280	394,476
2010	973,302	41,231	136,262	450,639
2015	1,175,000	49,775	164,500	544,025
2020	1,404,317	59,490	196,604	650,199
2025	1,668,000	70,660	233,520	772,284

Source: U.S. Census Bureau, Current Population Survey, 2000-2002 Annual Social and Economic Supplements. Special tabulation by Dr. Pat Ketsche (GSU) for 225 percent FPL. Seventy-five percent FPL base projections are from <http://www.census.gov/hhes/poverty/resized%20age65%20pov%20ratios%20by%20state%2099-01.xls>.

Comments:

- (1) 75 percent (74.6) FPL = income at which one qualifies for SSI Medicaid (\$579/mo.).
- (2) 225 percent FPL (or 3x SSI Medicaid) = income at which one can qualify for Medicaid nursing facility care or waivers (\$1,737/mo.).

1. Other Public Expenditures

Most of the discussion of the impact of an increasing elderly population has focused on health care. But expenditures on other services could also change, either because the elderly will demand more of particular services or resist spending on some services such as education. Will the elderly demand increased police protection, recreation facilities, and adult education programs? Even if expenditures for these services don't increase, the nature of the services could change. For example, an increased elderly population may lead to an increase in consumer fraud, with implications for the type of police work required. Recreation facilities will focus on less active sports. Transportation needs change as the elderly may require different modes of transit, and given the expected increase the number of elderly, there is simply a need for more services in this area.

¹⁴ SSI Medicaid eligibility.

¹⁵ FPL as of FFY03. This is the level at which Qualified Medicare Beneficiaries (QMB) are eligible for premium and co-pay assistance.

¹⁶ Nursing facility and waiver eligibility. SOURCE: U.S. Census Bureau, Department of Labor, Current Population Survey, 2000-2002 Annual Social and Economic Supplements. Special tabulation by Dr. Pat Ketsche.

¹⁷ <http://www.census.gov/hhes/poverty/resized%20age65%20pov%20ratios%20by%20state%2099-01.xls>.

Some empirical work concludes that the elderly are in general opposed to spending increases on public services that do not directly benefit them—such as education (Poterba, 1997, Ponza, et al, 1998). Others argue that there are other factors involved, and the recent phenomenon of elderly not supporting increased education funding may be due to the fact that individuals born early in the baby boom simply spend less (this would be people born close to the Great Depression). However, as long as succeeding generations are placing greater emphasis on education, it will be the case that older persons will want less education spending than younger voters. There has been little empirical study of elderly voting patterns on other types of public expenditures.

While it is beyond the scope of this paper to consider all of the changes in expenditure related demands, it is obvious that the face of public expenditures will be quite different in 2025 due to the elderly demographic. State and local governments will need to be proactive in making these adjustments.

V. Summary

The graying of Georgia will have an effect on the overall economy, particularly the labor force, and on tax revenue and on the level, composition, and nature of public services. Governments need to determine how an aging population will affect them and plan carefully for the changes that are coming. There are a variety of agencies that would be involved in such planning, which could make the process even more complicated.

Some trends regarding the interaction of the aging demographic, the economic base, and state and local public finances include:

- Pressure on the work force in terms of a loss of experience and demand for different types of labor
- Changes in consumption patterns which could call for changes in production, investment, and labor
- Demands for different types of housing—we are not sure how quickly the elderly will choose to move out of their “family homes” but there may be an increased demand

for smaller homes and/or other types of housing arrangements. These changes in demand can affect the housing markets, but it is not obvious in which direction.

- Tax expenditures afforded the elderly which tend reduce the growth of major revenue sources such as income, sales, and property taxes
- Pressure for public services such as health care which reduce the discretionary component of the state's budget – we should also expect a continued change in demand for other public services like recreation, transportation, education, and police services.

Georgia is not alone in facing these economic and fiscal pressures; every state should expect a similar list of future pressures. Georgia is unique, however, in terms of the magnitude of the growth in the elderly. While Georgia currently has a relatively young population, because of the increase in its population, the state will deal with a somewhat larger absolute growth in the elderly.

Some proactive policies have been established to begin to address the labor force issue. However it does not appear that an overall inventory of the labor force demographic has been undertaken in state or local government, or in the private sector. Census data can help us understand the magnitude of the overall looming retirement, but it would be much more informative to know where retirement is coming, by sector, skill level, management level, and so forth. In addition, the state might consider becoming more active as a policy leader in the case of stretching out the time to retirement.

With respect to the revenue and expenditure issues, Georgia faces pressures similar to other states. The state and local governments have significantly expanded their income and property tax exemptions, which yields a revenue loss, and will dampen future tax collections. The general nature of the sales tax and consumption of the elderly suggests that sales tax revenue growth will also be dampened in the future. Expenditures, particularly for health care (Medicaid) will continue to increase over time. In the face of these pressures, why would the state continue to increase the value of certain exemptions? One reason maybe that the elderly provide additional economic development. If the tax reductions afforded retirees increases migration of retirees who on net spend more than they ask of the government, these tax policies could increase the overall tax base. We should, then, develop a cost-benefit kind of analysis to

determine the net impact of tax reductions as an economic development tool. This is a very tough type of analysis to do. We would need detailed information on the types of spending and income for various groups of retirees (recent migrants, older migrants, those leaving the state), and we would need to determine the public services consumed by these groups. Such data are not readily available, and it may be that the assumptions that had to be made to do this type of cost-benefit are unpalatable.

A couple of alternative ways to analyze a “cost-benefit” are less detailed, and while not definitive, may offer some guidance regarding the net impact of the state’s fiscal interaction with the aging demographic. The U.S. Census reports migrants among states by income level and age. Rork (2007) and Landers et al. (2005) note that the mean income of elderly migrants into Georgia is less than those who leave Georgia. Also, Georgia is a net importer of elderly from Florida, a state without an income tax. These general statistics suggest that the state may be attracting retirees and elderly who will not add to the income tax net.

Another way to judge the impact of the elderly flows into the state on revenues would be a very detailed decomposition of the changes in tax revenue (by type) over time. It may be possible to isolate the impact of the elderly flows, general economic growth, and other factors that affect the growth in taxes. However, this type of analysis itself can become complicated as there are many interactions in our economy. The growth in the number of elderly will affect the economy itself—which will affect the tax base.

While Georgia experiences these pressures and potential benefits from an increased elderly population, it is time to view state and local budgets over a longer time horizon. Incorporating the demographic changes that are expected in the state over a 10-year period (or longer) will enable the state and local governments to be more proactive in budgetary decisions in the short term. State and local governments in the U.S. and Georgia need to take a good, hard look at their revenue structure to ensure that it is structured in such a way that it is not overly susceptible to future demographic changes such as the graying of the U.S. population.

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Appendix B:

Presenter Biographies

James R. Alm

Dean, Andrew Young School of Policy Studies; Professor of Economics

Specialties:

Public Finance

Tax Policy

State and Local Government Finance

Public Finance in Developing Countries

James Alm is Dean of the Andrew Young School of Policy Studies at Georgia State University in Atlanta, Georgia. He has also taught at Syracuse University and at the University of Colorado at Boulder. He earned his master's degree in economics at the University of Chicago and his doctorate at the University of Wisconsin-Madison.

Professor Alm teaches and conducts research in the area of public economics. Much of his research has examined the responses of individuals and firms to taxation, in such areas as the tax treatment of the family, tax compliance, tax reform, the line item veto, social security, housing, indexation, and tax and expenditure limitations. His work has been published in leading economics journals, and he is the author of six books. He has also worked extensively on fiscal and decentralization reforms overseas, including projects in Bangladesh, Indonesia, Jamaica, Grenada, Turkey, Egypt, Hungary, China, the Philippines, the Russian Federation, Uganda, Nigeria, India, Colombia, Nepal, Ukraine, and Pakistan. He is currently Editor of *Public Finance Review* and an Associate Editor of *Economic Inquiry*, *Review of Economics of the Household*, and *economics-ejournal*. More information and links to publications can be found at <http://aysps.gsu.edu/AlmJ.html>.

Roy Bahl, Regents Professor

Professor of Economics and Public Administration; Founding Dean, Andrew Young School

Specialties:

State and Local Public Finance

Urban and Regional Economics

Public Finance of Developing Countries

Roy Bahl is Regents Professor of Economics and Public Administration at the Andrew Young School of Policy Studies at Georgia State University. He was the founding Dean of the Andrew Young School and served in that capacity for eleven years, until July 2007. Previously he was Maxwell Professor of Economics at Syracuse University, and an economist at the IMF. He has written widely on matters of state and local government finance, served on the editorial boards of numerous journals, and has consulted with governments all over the world.

Mark Butler

State Representative (District 18)

Vice Chairman Appropriations Human Resources Sub-Committee

Vice Chairman of the Appropriations Human Resources Sub-Committee, Representative **Mark Butler**, of Carrollton and parts of Carroll and Haralson Counties (District 18), has sponsored much legislation that improves health care in Georgia, including improvements to adult day care, mental health care, patient advocacy, disability scholarships, cancer treatment, overall health care reform, the public health system in general, as well as creating a joint study committee on the state health system. Other committees Representative Butler serves on are the Human Relations and Aging Governmental Affairs, and Economic Development and Tourism committees.

Representative Butler has received numerous awards including most recently the Certificate of Appreciation from Military Officers Association of America, NAMI Legislative A-Team Award, and EnAble of Georgia for Outstanding Legislative Service.

A native of Carroll County, Representative Butler graduated from Auburn University, where he earned a degree in Public Administration. In his time outside of the Gold Dome, the Vice Chairman is self-employed as a real estate appraiser. Butler has two children, Blake, 23, and Sydney, 10, and is recently the proud grandfather to first grandchild, Van.

Casey Cagle

Lieutenant Governor, State of Georgia

Born in Hall County – a seventh generation resident – **Casey Cagle** graduated from Johnson High School and attended Gainesville College and Georgia Southern University. After purchasing his first small business at 20, he went on to become a leader in the banking and real estate industries of northeast Georgia.

Cagle was first elected to the state Senate in 1994, where he served 12 successful and productive years representing the 49th District.

During his time in the Senate, Cagle served as chairman of the Finance Committee and on several other key committees, including the influential Appropriations, Banking and Financial Institutions, Higher Education, and Natural Resources Committees. He has been a staunch supporter of lowering taxes and protecting private property rights, as well as a passionate advocate for protecting Georgia's families. In 1999 Senator Cagle was instrumental in the passage of "Heidi's Law" which toughened penalties for repeat drunk drivers.

On November 7, 2006, Casey Cagle made history by becoming the first Republican ever elected to the state's second highest office. As Georgia's 11th Lieutenant Governor, Casey is working to make Georgia a state where every single citizen, regardless of his or her current circumstances, can achieve the American dream. He is committed to creating an environment in which Georgia's citizens and businesses can prosper. Likewise, Casey is tirelessly working to create a pro-jobs culture throughout the state government and an educational system that focuses on the needs of the individual child. Cagle will unite the Senate around the common goal of realizing that vision and making life better for all Georgians.

In recognition of his achievements and his commitment to Georgia, Georgia Trend Magazine listed Casey as one of the 100 most influential Georgians of 2006. James Magazine also named him one of its People of the Year for 2007. He serves as Vice Chair of the One Georgia Authority, Vice Chair of the Georgia State Finance and Investment Commission, and on the Executive Committee of the Republican Lt. Governor's Association.

Casey and his wife Nita are the parents of three sons, Jared, Grant, and Carter. The Cagles currently live in Chestnut Mountain, where they are active members of the Blackshear Place Baptist Church.

Margaret S.E. Counts-Spriggs

Assistant Dean, Clark-Atlanta University; Associate Professor

Associate Professor and the Interim Assistant Dean for Clark-Atlanta University's Whitney M. Young, Jr., School of Social Work, **Margaret Counts-Spriggs** specializes in researching and authoring articles as well as presenting workshops and seminars on issues of older adults and women's health, including senior housing needs, social service utilization, intergenerational families, and the diversity of aging. In 2004 she served as the Clark Atlanta University Principal Investigator for an UNCFSP-RAP (Research through Academy-Community Partnerships), sponsored by CDC, to train undergraduate students as health researchers.

Dr. Spriggs has been awarded several fellowships, including: The Salzburg Seminar Series held in Salzburg Austria, 2004 and 2005; New York University Faculty Summer Network (2003, 2001, 1999, 1998, 1997); and the University of Michigan, Ann Arbor, Program for Research on Black Americans/African American Mental Health Research Program: Michigan Center for Urban African American Aging Research (Summer 2000). She received the Gerontology Society of America Research Initiative on "Aging Well in America" (Summer 1994) and the Summer Institute on Aging Research: Sponsored by the National Institute on Aging (Summer 1993). Present and past board membership include the Helene M. Mills Multipurpose Senior Center, Fulton County Strategies Task Force–Bowden Center, and Aid to Children of Imprisoned Mothers, now known as Forever Family, and the Georgia Gerontology Society. She is a native of Charleston, South Carolina, and a graduate of Talladega College, Atlanta University and Clark Atlanta University.

Bill Floyd

Mayor, City of Decatur; City Commissioner

Bill Floyd, Mayor of Decatur, Georgia, since 1998 and City Commissioner since 1991, is president of W.F. Floyd Construction, Inc., specializing in water and waste water systems. He is 2nd Vice President of the Georgia Municipal Association (GMA) and is in line to become president of the 500+ member organization in 2009. He has served as chair of the Transportation Policy Committee and is a member of the Municipal Government Policy Committee. He is also a past chairman of the Metropolitan Atlanta Mayor's Association (MAMA).

He is a graduate of Auburn University and received an MBA from Georgia State University. He is a graduate of Leadership DeKalb, an active member of Decatur First United Methodist Church, and serves on the Board of Directors of Decatur First Bank and the Decatur Education Foundation. He is a former chair of the DeKalb Rape Crisis Center Board.

Eva Galambos

Mayor, Sandy Springs

Mayor **Eva Galambos**, first mayor of the newly incorporated city of Sandy Springs with its 87,000 residents, is also founder and longtime president of the Committee for Sandy Springs from 1975-2005; a co-founder of Sandy Springs Revitalization; a cofounder of Sandy Springs Clean and Beautiful; chairwoman of the services committee for the Sandy Springs Council of Neighborhoods; former chairwoman of the Fulton County Public Housing Authority; and founder of Sandy Springs Civic Roundtable.

Galambos is a retired economist specializing in urban finance and labor economics. She also has served as a labor arbitrator and has consulted with several Georgia cities and counties on financial planning issues. Galambos holds a Ph.D. in economics from Georgia State University, a master's degree in labor and industrial relations from the University of Illinois, and a bachelor's degree in business administration from the University of Georgia. She is married, has three adult children, six grandchildren and resides in the Bentwater neighborhood of Sandy Springs. In her spare time, Ms. Galambos enjoys hiking, gardening, and spending time with family.

Maria Greene

Director, Georgia Division of Aging Services

Maria Greene has been Director, Georgia Division of Aging Services, since 2000, where she is responsible for administration of aging services, including the Community Care Services Program (CCSP) which provides services to Medicaid eligible consumers who choose to remain in the community; Home and Community Based Services (HCBS) that promote health, self-sufficiency and independence to older Georgians staying in their homes; elder abuse prevention; Long-Term Care Ombudsman Program (LTCOP); Georgia Cares; Elderly Legal Assistance Program (ELAP); Alzheimer's Services; senior employment services, family caregiver services, Medicare fraud grants and preventive/health/wellness activities.

She is leader of the aging service network comprised of 12 Area Agencies on Aging (AAA) and more than 500 providers. From 1995 to 2000, she was Executive Director of the Georgia Council on Aging, a legislator-mandated advisory council on elder issues for Georgia's government leaders, including the Governor, General Assembly and all aging-related state government agencies. CO-AGE is a prominent symbol of the unified interests of older adults and aging service providers and associations statewide. Through an open priority-setting process, over 250 organizations and individuals annually determine legislative and budget priorities. Greene's CO-AGE responsibilities also included public advocacy/education trainings; lobbying for aging concerns; and leadership of the Coalition of Advocates for Georgia's Elderly.

Greene's organizational involvement includes the Governor's Blue Ribbon Commission on Home and Community Based Services and the Southern Governors Association's workgroup on reauthorization of the Older Americans Act.

She is a national trainer and consultant on development of statewide coalitions for aging. She has presented at American Society on Aging (ASA), National Association of State Units on Aging (NASUA), Administration on Aging (AOA) and Southeastern Area Agency on Aging Association (SE4A) and Southern Gerontological Society (SGS) trainings and conferences, as well as the University of Georgia, Georgia State University and Kennesaw State University.

Maria Green received her BA in Sociology from Valdosta State in 1983, a graduate certificate in gerontology and a Master's in Human Resources Management from Georgia State University in 1987.

David Hankerson

County Manager, Cobb County

County Manager of Cobb County since 1993, **David Hankerson's** extensive background in civic and community development as well as his environmental expertise led him to be appointed in 2006 by Governor Perdue to the Environmental Advisory Council. Prior to that, he served in many government capacities since 1984, including as Cobb County's Manager of the Development Control Department; Director of the Development and Inspections Department; Director of the Community Development Department, which includes the Divisions of Planning and Zoning, Stormwater Management, Development and Inspections and Code Enforcement; and as District Conservationist for the United States Department of Agriculture Soil Conservation Service.

A graduate of Fort Valley State College and Woodrow Wilson School of Law, Mr. Hankerson is also a Certified Public Manager, a Certified Professional Soil Erosion and Sediment Control Specialist, and member of the Association County Commissioners of Georgia Natural Resources and Environmental Policy Committee. His extracurricular community involvement features numerous civic and service boards including the Cobb County YMCA Board of Directors, the Southern Polytechnic State University Foundation Board, the Kiwanis Club of Marietta, as well as active involvement in many leadership institutes including serving as Co-Chair of the 1996-97 Leadership Cobb Program.

One of only five distinguished Georgians to receive the 2004 Excellence in Public Service Award, presented by the Carl Vinson Institute of Government at the University of Georgia in partnership with *Georgia Trend Magazine*, Mr. Hankerson has been the recipient of numerous other awards including the Cobb County Management Award (1993); Dr. Carter G. Woodson Freedom Award (1994); NAACP Citizenship Award (1994); *Cobb Chronicle's* Man of the Year (1995), and the Cobb Chamber of Commerce Mack Henderson Award for outstanding community and public service (2000). The Board of Commissioners and the Cobb Management Team recognized him in 2003 for ten years of leadership, commitment, and guidance as County Manager. In April 2005, the Blacks United for Youth – Cobb, Inc., presented Mr. Hankerson with the Justice Robert Benham Award for outstanding leadership, service and total commitment for the equality of all citizens.

He is a native of Burke County, Georgia, and resident of Cobb County since 1973, where he resides with his wife Janet and four children.

Glen Hiemstra

Futurist

Glen Hiemstra is the founder and owner of Futurist.com. An internationally respected futurist, he has advised professional, business, and governmental organizations for two decades. In August 2006, John Wiley & Sons published Glen's new book *Turning the Future into Revenue*. Previously he co-authored *Strategic Leadership: Achieving Your Preferred Future*.

Glen is a popular speaker who focuses on emerging trends in fields as diverse as science, technology, economics, demographics, energy, the environment, education and transportation. An expert in preferred future planning, Glen goes beyond simple trend analysis to discuss the opportunity that we have to shape the future.

Over the years he has worked with many leading companies including Microsoft, Boeing, Hewlett Packard, Ernst & Young, PaineWebber, ShareBuilder, and Novartis. Mr. Hiemstra has also served as a technical advisor for futuristic television programs. He has worked with Steven Bochco Productions and is presently consulting on programs that are in development. He has been quoted in *The Wall Street Journal*, *Forbes*, *US News & World Report*, *The Futurist*, and the *Los Angeles Times*.

In a first career, Glen was an award-winning professor and serves as a Visiting Scholar at the Human Interface Technology Lab at the University of Washington, which works on virtual and augmented reality technology. Mr. Hiemstra was educated at Whitworth College, the University of Oregon, and the University of Washington. He lives in Kirkland, Washington with his wife Tracie. They have three adult children.

Thomas D. Hills

Chief Financial Officer, Office of the Governor, State of Georgia

As Governor Sonny Perdue's Chief Financial Officer since June 2003, **Thomas (Tommy) D. Hills** oversees and coordinates the operations of 24 state finance agencies, including the Revenue Department, the Treasury, the budget and accounting offices, the large retirement systems, the State Property Office, the Department of Banking, and the state's bond finance commission. From 1965-2001, Tommy Hills' long and distinguished career with the First National Bank of Atlanta and Wachovia Bank, N.A., gave him experience in general management, wealth management, corporate banking, retail banking, commercial real estate, and community and governmental affairs. Hills' Wachovia career culminated with his position as the bank's Atlanta City President.

Hills' extensive civic and community contributions include serving as a consultant for several nonprofit organizations in 2002 and early 2003, and in recent years, serving on the boards or distribution committees of several charitable foundations. His community involvement includes The Atlanta Historical Society, The High Museum of Art, The Atlanta Opera, and The Center for Puppetry Arts, the Hospital Authority of Fulton County, The Carter Center Board of Visitors, the Georgia Council on Economic Education, Leadership Atlanta, Metro Atlanta Chamber of Commerce and Atlanta Convention & Visitors Bureau. His professional memberships include the State Bar of Georgia, American Bankers Association Alumni Council and the Rotary Club of Atlanta.

He is a graduate of Emory University's undergraduate and law schools and has recently been awarded a Master's of Arts in southern history from Georgia State University.

Kevin Isakson

Director, Isakson-Barnhart

Kevin Isakson develops award winning retirement communities for seniors. Director of Marketing and Sales for real estate development company Isakson-Barnhart, he successfully spearheaded Park Springs, their first effort to market and sell in the seniors housing market. Park Springs, a 398-unit community surrounded by Stone Mountain Park, is the 2004 recipient of the platinum award for the country's Best Overall Continuing Care Retirement Community [CCRC] and gold award for best interior design by the Seniors Housing Council of the National Home Builders Association. Most recently, Isakson has overseen the strategic planning, execution, and sales and marketing for Peachtree Hills Place, another Isakson-Barnhart senior residential community. Named the Best CCRC on the Boards by the National Association of Home Builders Seniors Housing Council in 2005, Peachtree Hills Place is located in the heart of Atlanta's most affluent community and minutes from the city's finest social, cultural and recreational amenities.

Isakson's community involvement includes serving on the board of Senior Connections, a not-for-profit organization dedicated to enhancing the quality of life of the elderly in DeKalb County; working with Bridge Builders, a DeKalb County public/private partnership which seeks to bridge the gap between seniors and community resources; and serving on the Advisory Committee for the Atlanta Area Agency on Aging, a division of the Atlanta Regional Commission. He has also served on the Senior Advisory Council of DeKalb County and on the boards of East Cobb YMCA and Friends for the East Cobb Park.

A 1995 graduate of the University of Georgia, Isakson received his real estate license in 1997. An Atlanta native, Isakson resides in Marietta with his wife, Katherine, and their two daughters, Elizabeth and Sarah Katherine.

Glenn Landers

Senior Research Associate, Georgia Health Policy Center, Andrew Young School

M.B.A., Georgia State University

M.H.A., Georgia State University

Specialties:

Long-Term Care

Health Care Access for the Uninsured

Glenn Landers is a Senior Research Associate and Project Director at the Georgia Health Policy Center. Landers' primary area of expertise is in long-term care. Since joining the Health Policy Center in 1999, Landers has directed or participated in many projects addressing the improvement of Georgia's long-term care system.

He facilitated the Georgia Collaborative to Improve End-of-Life Care and developed with Georgia Public Television the Emmy Award winning documentary series, *Final Choices: Changing a Culture*. He has evaluated the management of the Community Care Services Program; facilitated the work of and provided technical assistance to the Georgia Long-Term Care Commission; designed, with Dr. James P. Cooney, Jr., a single point-of-entry system for long-term care for the Department of Community Health; and led a quality improvement initiative with Georgia's nursing facilities. He recently completed the Long-Term Care Partnership, a three-year research project that analyzed the costs and outcomes of Georgia Medicaid's nursing facility program and four home- and community-based services programs. Findings from the research study are currently being used to guide future long-term care program development for the state of Georgia.

Mr. Landers' current projects include evaluating the feasibility of a peer support program for elderly individuals transitioning from nursing facilities to the community for the Georgia Department of Human Resources' Real Choice Systems Change Grant, comparing the health outcomes and utilization of children in Georgia's foster care program with other Medicaid children for the Georgia Health Foundation, working with Health Policy Center staff on a State Coverage Initiative grant for the Robert Wood Johnson Foundation and the Georgia Department of Community Health, and directing a customer satisfaction evaluation of Affiliated Computer Services' management of Georgia Medicaid's billing and payment systems.

John Matthews

Senior Research Associate, Fiscal Research Center, Andrew Young School

John Matthews is a Senior Research Associate in the Fiscal Research Center in the Andrew Young School of Policy Studies at Georgia State University and a visiting professor in both GSU's Public Administration and Urban Studies Department and The Graduate School of City Planning at the Georgia Institute of Technology. He completed a B.A. in sociology at California Western University in 1967 and studied city planning at Georgia Tech from 1968 through 1969. Prior to coming to the joint program at Georgia State and Georgia Tech to complete a doctorate in Public Policy, John worked for the City of Atlanta and Fulton County from 1968 to 1999 in both planning and finance management positions.

Samuel S. Olens

Chairman, Cobb County Board of Commissioners; Chairman, Atlanta Regional Commission

Sam Olens, chair of the five-member Cobb County Board of Commissioners as well as the Atlanta Regional Commission (ARC), has an active involvement in community planning and development. He is a member of the Board of Directors for Livable Communities as well as Georgia's Department of Community Affairs. As Vice-Chair of the Metropolitan North Georgia Water Planning District, he leads a 16-county planning entity dedicated to developing comprehensive regional and watershed-specific plans. The many boards he serves on include the Cobb County-Marietta Water Authority, Cobb-Marietta Coliseum and Exhibit Hall Authority, Cobb Board of Health, Cobb Community Services Board, Downtown Marietta Development Authority, Metropolitan Atlanta Arts and Culture Coalition, NACo Transportation Steering Committee, Metro Atlanta Chamber of Commerce Board of Advisors, Emory University Board of Visitors, Regional Commission on Homelessness, Marietta Aeronautical Museum & Education Center, State Bar of Georgia Foundation of Freedom Commission, and Association County Commissioners of Georgia.

The recipient of numerous awards and honors, Olens most recently accepted the 1st Annual Ginger Kaney Servant Leader Award by MUST Ministries. For the past three years, he has been selected in *Georgia Trend* magazine's "100 Most Influential Georgians." Other awards and honors include The Chattahoochee Nature Center's Partners in Environmental Education Award, the 2006 Flourish Award presented by the College of the Arts at Kennesaw State University, the 2005 Liberty Bell Award for outstanding community service by the Cobb County Bar Association, and the 2004 Executive Director's Award from the Georgia Commission on the Holocaust for his assistance in bringing the Anne Frank exhibit to Kennesaw State University. He was named Cobb County's 2006 "Citizen of the Year" by the *Marietta Daily Journal*, and East Cobb's 1997 "Citizen of the Year" by the Cobb Chamber of Commerce.

Active in various non-profit organizations, Olens also serves on the boards of the United Way of Metropolitan Atlanta, Cobb County United Way Campaign Cabinet, Metro Atlanta YMCA, The Atlanta Opera, U.S. 10K Classic, WellStar Institute for Better Health, Friends of the Strand, and The Georgian Club. He is a past president of the East Cobb Civic Association, Cobb Housing Authority, SafePath Children's Advocacy Center, Cobb County Police Athletic League, and the Georgia Indigent Defense Council.

A graduate of Emory University Law School, Olens received his bachelor's and master's degree from the American University in Washington, D.C. He is a registered mediator/arbitrator with the Georgia Office of Dispute Resolution. Olens has been a member of Ezor & Olens, P.C. since 1983. Olens and his wife Lisa have two children, Lauren and Jonathan.

Carl V. Patton

President, Georgia State University

Carl V. Patton became president of Georgia State University on July 1, 1992. With his expertise as an academic leader and urban planner, Patton has helped Georgia State become a leading urban research university, an engine for economic growth in the heart of downtown Atlanta and a vital part of the downtown Atlanta community. He introduced a strategic academic plan that focuses on strengthening academic programs and recruiting world-class faculty and high-achieving students.

To support the strategic plan, Patton launched a university-wide planning effort in 1997 that produced the Main Street Master, intended to improve campus infrastructure and transform the campus into a vital hub for research activity where students can live, learn and work. In 2005, after every concept envisioned in that plan was implemented or in process, Patton announced the Master Plan's next phase that includes \$1 billion in new campus facilities. This innovative strategy continues to increase the university's footprint in the downtown community and shape the university's future growth.

Patton led the way for much of the downtown revitalization others are involved in now and serves as a board member and member of many organizations dedicated to strengthening the downtown community.

He and his wife, Gretchen, live in a downtown loft within walking distance of his office. They have two children and three grandchildren.

David L. Sjoquist

Director, Fiscal Research Center and Domestic Programs; Dan E. Sweat Distinguished Chair in Educational Policy; Professor of Economics, Andrew Young School

Ph.D., University of Minnesota

Specialties:

State and Local Government Taxation

Economics of Education Policy

David Sjoquist's areas of expertise are state and local taxation and urban and regional economics. A specialist in the field of public finance, Sjoquist has an extensive interest in urban economics, especially local economic development and central city poverty. He has published extensively on topics such as analysis of public policies, teenage employment, capital maintenance expenditures, local government fiscal conditions and the urban underclass. His current research interests include property taxation, school financing, local sales and income taxes, and public housing.

Sjoquist heads the Andrew Young School's Fiscal Research Center, which provides nonpartisan research in the evaluation and design of state and local fiscal and economic policy.

Sjoquist's research has been funded by the Ford Foundation, the Russell Sage Foundation, the Economic Development Administration of the U.S. Department of Commerce, the Fannie Mae Foundation and the U.S. Department of Housing and Urban Development. His work has been published in such journals as *American Economic Review*, *Journal of Public Economics*, *National Tax Journal*, and *Review of Economics and Statistics*.

Geoffrey K. Turnbull

Professor of Economics, Andrew Young School

Ph.D., University of Wisconsin-Madison

Geoffrey Turnbull was a member of the faculty of Louisiana State University for 17 years before joining the Department of Economics at Georgia State in Fall 2001. His recent research interests include urban land use, the urban development process, property rights and land use regulation, housing and real estate brokerage markets, as well as issues in local government finance. His articles appear in a variety of journals, including the *Journal of Urban Economics*, *Journal of Legal Studies*, *Journal of Public Economics*, *Journal of Regional Science*, *Southern Economic Journal*, *Regional Science and Urban Economics*, *International Economic Review*, *Real Estate Economics*, *Economic Inquiry*, *Journal of Real Estate Finance and Economics*, and *Journal of Labor Economics*.

Turnbull is currently on the editorial boards of the *Journal of Urban Economics*, *Real Estate Economics*, *Journal of Real Estate Finance and Economics*, and *Journal of Housing Economics*.

Len Walker

Chairman Human Relations & Aging, HD 107 (R - Loganville)

Representative **Len Walker**, Chairman of the Human Relations and Aging Committee, leads the state legislative committee in addressing the critical issues affecting the increasing elderly population in Georgia. Other committees Representative Walker participates in are the Appropriations, Higher Education, and Rules Committees, as well as the Health Appropriations Sub-Committee. As a State Representative for portions of Gwinnett and Walton Counties (District 107) since 1994, he is only the second Republican candidate elected to a countywide office in Walton County.

A graduate of Asbury College with a B.A. degree in 1971, and Asbury Theological Seminary with a M.Div. degree in 1978, Walker remains active in both pastoral as well as civic areas, presently serving as Associate Pastor of Norcross First United Methodist Church. He has also served churches in Rocky Face, Jasper, and Loganville, Georgia. Other past and present community participation includes the Walton County Chamber of Commerce Board of Directors, Covenant Christian Academy Board of Directors, the Board of Trustees of Indian Springs Camp meeting, the Lions Club, and coaching youth basketball.

He and his wife, Marilynn, have been married for 33 years. They have five children and six grandchildren.

Sally Wallace

Professor of Economics, Andrew Young School; Associate Director, Fiscal Research Center

Ph.D., Syracuse University

Specialties:

Income Taxation

Sales Taxation

Distributional Effects of Taxation

Tax Burden Analysis

Effects of Demographic Changes on Tax Bases

Sally Wallace's principal interests are federal, state, local and international taxation and analysis and intergovernmental fiscal relations. She has consulted widely on tax policy, fiscal decentralization and revenue forecasting and analysis in Russia, Ukraine, Kazakhstan, Jamaica, Yemen, and China, and served as resident (Moscow) chief of party for the Andrew Young School's Russian fiscal reform project from 1997 through 1999. Wallace formerly worked for the U.S. Treasury. She has done research on income taxation, sales taxation, and distributional effects of taxes, and has published articles in journals such as *Regional Science and Urban Economics*, *National Tax Journal*, *State Tax Notes*, and *Southern Economic Journal*.

Appendix C:

Steering Committee

Andrew Young School of Policy Studies
Georgia's Aging Population: What to Expect and How to Cope
Conference
September 26, 2007

**Andrew Young School of Policy Studies
Steering Committee**

Special thanks to the following members of the Andrew Young School of Policy Studies faculty and staff who make up the Steering Committee for the conference.

Janet Johnson

Glenn Landers

Deon Locklin

Karen Minyard

Robert Moore

David Sjoquist

Tom Wade

Sally Wallace

Dennis Young



ANDREW YOUNG SCHOOL
OF POLICY STUDIES

Appendix D:


Conference Advisory Committee

Andrew Young School of Policy Studies
Georgia's Aging Population: What to Expect and How to Cope
Conference
September 26, 2007

Conference Advisory Committee

We are especially grateful for the Conference Advisory Committee for the assistance they provided in developing the program and identifying presenters.

Jason Bearden—Governor's Office of Planning and Budget
Cathie Berger—Atlanta Regional Commission
Trey Childress—Governor's Office of Planning and Budget
Alan Essig—Georgia Budget and Policy Institute
Kevin Fillion—Senate Budget and Evaluation Office
Kathy Floyd—AARP Georgia
Maria Greene—Georgia Department of Human Resources
Jerry Griffin—Association County Commissioners of Georgia
Judy Hagebak—Georgia Department of Community Health
Yolanda Hallas—AARP Georgia
Khurram Hassan—United Way of Metropolitan Atlanta
Jim Higdon—Georgia Municipal Association
Daniel Immergluck—Georgia Institute of Technology
Stephen Kay—Federal Reserve Bank of Atlanta
Ross King—Association County Commissioners of Georgia
John Lawrence—Georgia Department of Labor
Melanie McNeil—Georgia Council on Aging
Ken Mitchell—AARP Georgia
Beth Stalvey—Atlanta Regional Commission
Cheryll Schramm—Georgia Council on Aging
Bill Thornton—Georgia Municipal Association
Fred Watson—Georgia Healthcare Association
Frank Whittington—Georgia State University Gerontology Institute
Martha Wigton—House Budget Office



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